

Actuarial Review of the TennCare and TennCare Partners Programs

Development of Fiscal Year 2007 Per Capita Costs

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Prepared by:

Kenneth C. Vieira, FSA, MAAA, FCA

Richard Ward, ASA, MAAA

Wm. David Mosley, MBA (Clifton Gunderson, LLP)

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SECTION 1 – EXECUTIVE SUMMARY

At the request of the Tennessee Office of the Comptroller, Aon Consulting (Aon) has calculated per capita costs for the TennCare program for State Fiscal Year 2007. As part of our analysis we have also restated the costs for the State Fiscal Year 2006. The per capita costs shown in this report are calculated to assist in the development of the TennCare budget and to develop medical fund targets for the managed care organizations. TennCare has begun the process to return to at-risk contracts with managed care organizations. These per capita costs could also serve as the basis for developing capitation rates and actuarial certifications.

The purpose of this report is to provide per capita costs for State Fiscal Year 2007 for the TennCare and TennCare Partners programs. These programs represent a large portion of the TennCare budget. These estimates are based on a detailed analysis of data provided by the TennCare Bureau, review of the provider payments and invoices paid to managed care and behavior health organizations, and are based on the current program's plan of benefits and eligible groups.

A number of material changes in the TennCare program have been implemented over the last 12-months. The report shows the impact of the program changes and disenrollments, presenting per capita costs, that take into account the plan changes detailed in this document. For Fiscal Year 2006, we have projected enrollment levels, gradually removing data for those who are to be disenrolled, as well as those already disenrolled. For Fiscal Year 2007 calculations, these plan members are no longer included in the projections.

We received significant assistance in obtaining data and background information for this report from the TennCare Bureau and the Office of the Comptroller of the Treasury. Aon has relied upon this data and its integrity. Further details of the data received are discussed in Section IV of this report.

Methodology

The per capita costs shown in this report are developed based on actual TennCare utilization experience subset by key demographic and eligibility categories. Like last year, a medically needy category was included in the analysis to coincide with potential program changes. The majority of the members in this category were pulled from the prior Medicaid and Duals categories. Health plan payments to providers form the primary basis of the calculation of the cost per unit of service.

Aon developed baseline per capita costs using claims incurred between October 1, 2004 and September 30, 2005 and paid on or before December 31, 2005. Since three months of claim run-out was used, only a small completion factor (less than 3%) was required to develop the baseline data. This period is 3-months more current than last year's reports since much of the data was collected directly from the MCOs and had minimal issues. Due to significant changes to the pharmacy program, Aon has used data incurred and paid from August 1, 2005 through January 30, 2006. The current "hard limits" in the pharmacy program were implemented on August 1, 2005, making much of the older data difficult to normalize.

The per capita costs are updated using inflation factors to estimate expected costs during Fiscal Years 2006 and 2007. Fiscal Year 2006 applies historical trends and completion factors to update the baseline data to the current period. The current period is then rolled forward a full year using projected trends to come up with the final Fiscal Year 2007 projection. Trend rate assumptions are largely consistent for the two periods.

Summary

Based on methodologies and assumptions detailed in this report, Aon has developed per capita costs for State Fiscal Years 2006 and 2007. Due to encounter data anomalies uncovered during the TennCare data transition, Aon collected data for this year's report directly from the MCOs and BHOs. Pharmacy and dental encounter data was collected directly from TennCare. Aon (in agreement with the TennCare Bureau) decided to define the baseline data as October 2004 through September 2005. The data was based on incurred claims from October 2004 through September 2005, with claims run-out through December 2005. The data used was reconciled to the submitted Medical Fund Target Reports from the MCOs and the Medical Loss Ratio Reports from the BHOs, as well as Invoice Statements received from the State Audit Report.

Using the historical encounter data, Aon was able to develop completion factors that needed to be applied to the baseline data. Due to 3 months of claims run out, the factors were less than 3% for the baseline period.

Aon applied the historical trends to calculate the baseline Fiscal Year 2006 per capita costs. Details of this calculation and the various breakouts are included in the Appendix. We used the projected incurred data and completion factors to estimate the projected paid claims from July 2005 through February 2006. Reconciliation of these numbers to emerging invoices and MCO payments provided verification of our historical trends and completion factors. The data was then projected to the end of Fiscal Year 2006 and appropriately adjusted/trended to reflect a January 1, 2006 mid-point.

MCO Per Capita Costs – Fiscal Year 2006

MCO Per Capita Costs - Fiscal Year 2006					
Summary By Rate Group					
	Pharmacy Excluded		Before Benefit Adjustment *	Pharmacy Included	
	Before Enrollment Impact	After Enrollment Impact		Before Benefit/ Enrollment Impact	After Benefit/ Enrollment Impact
Medically Needy	\$ 154.53	\$ 156.90	\$ 320.54	\$ 254.14	\$ 256.74
Medicaid (TANF & Related)	\$ 146.57	\$ 144.56	\$ 206.37	\$ 182.45	\$ 180.44
Duals	\$ 57.38	\$ 57.38	\$ 408.67	\$ 268.15	\$ 197.96
Uninsured	\$ 65.01	\$ 65.05	\$ 123.50	\$ 100.11	\$ 100.15
Disabled	\$ 457.65	\$ 457.22	\$ 745.92	\$ 630.61	\$ 630.16
Waiver Duals	\$ 23.40	\$ 23.40	\$ 77.16	\$ 55.65	\$ 55.65
Disenrolled	\$ 264.25	\$ 264.25	\$ 310.75	\$ 292.15	\$ 292.15
All Eligibility Groups	\$ 183.23	\$ 174.01	\$ 324.06	\$ 267.73	\$ 249.07
Prior Actuarial Estimate	\$ 195.72	\$ 195.72	\$ 339.20	\$ 339.20	\$ 339.20
Difference	-6.4%	-11.1%	-4.5%	-21.1%	-26.6%

* Impact of the hard dollar limits estimated to produce a 40% reduction in pharmacy claims costs

The report indicates that the prior per capita cost estimates were overstated by approximately 11.1%. The difference was 6.4% before application of the pharmacy benefit changes and the impact of disenrollment groups. The bulk of the 6.4% variation is due to lower than projected utilization trends. There could be many other reasons for the deviation, such as enrollment shifts, etc. A detailed review of the variations is beyond the scope of this project.

With the pharmacy components added, the projections were overstated by 4.5%. A slight reduction from the 6.4% mentioned above, indicating that inherent trends were slightly higher than expected. Current projections are significantly lower due to the Part D impact to dual eligible members as well the 40% reduction resulting from the hard limits last August.

Enrollment and Membership Review

Over the last three fiscal years there has been a significant movement between eligibility categories. Below is a summary of the enrollment numbers received from the detailed eligibility file:

MCO Enrollment Analysis Summary By Rate Group					
	Fiscal Year 2005	Fiscal Year 2006	2005-2006 Change	Fiscal Year 2007	2006-2007 Change
Medically Needy	167,821	149,102	(18,719)	147,920	(1,181)
Medicaid (TANF & Related)	620,791	703,541	82,751	707,825	4,283
Duals	168,537	179,405	10,868	179,519	114
Uninsured	201,094	63,583	(137,511)	30,783	(32,800)
Disabled	152,053	155,090	3,037	154,891	(200)
Waiver Duals	30,875	5,951	(24,924)	122	(5,829)
Disenrolled	-	-	-	-	-
All Eligibility Groups	1,341,170	1,256,671	(84,499)	1,221,059	(35,613)

The enrollment swings are primarily due to the disenrollment process that began in August 2005. There may still be some residual swings as a result of the reverification process that the program went through. Aon used the most recent enrollment information as the basis of our projections. The February 2006 membership levels were projected forward at a level rate to estimate the FY2006 & FY2007 membership levels.

The baseline enrollment projection was compared to the enrollment in the most recent TennCare budget forecasts and was within acceptable ranges. Aon also performed a similar review for Fiscal Year 2005 to validate our processes. The results were within 1% of TennCare financials for that year. Below is a summary of the total projected costs for Fiscal Year 2006:

Fiscal Year 2006 Summary By Service Category - MCO All Eligibility Groups		
	Per Capita	Total*
Pharmacy	\$ 74.63	\$ 1,129,870,022
Home Health Care	\$ 3.17	\$ 47,807,918
Inpatient Hospital	\$ 46.00	\$ 693,655,478
Outpatient Hospital	\$ 42.77	\$ 644,994,164
Professional	\$ 67.72	\$ 1,021,162,724
Total	\$ 234.29	\$ 3,537,490,306
Admin - Pharmacy	\$ 0.42	\$ 6,362,904
Admin - MCO	\$ 14.36	\$ 216,489,017
Total With Admin	\$ 249.07	\$ 3,760,342,227

* Assumed average enrollment of 1,256,671

With our processes and trends validated, we performed a detailed trend analysis, which was required to bring the baseline data up to the projection period.

MCO Per Capita Costs – Fiscal Year 2007

MCO Per Capita Costs - Fiscal Year 2007		
Summary By Rate Group		
	W/O Pharmacy	W/Pharmacy
Medically Needy	\$ 171.50	\$ 300.21
Medicaid (TANF & Related)	\$ 158.11	\$ 202.38
Duals	\$ 62.73	\$ 62.73
Uninsured	\$ 72.05	\$ 113.49
Disabled	\$ 497.61	\$ 717.06
Waiver Duals	\$ 25.72	\$ 63.78
Disenrolled	\$ 287.36	\$ 323.52
All Eligibility Groups	\$ 186.59	\$ 256.87
2006 Current Projection	\$ 174.01	\$ 249.07
Difference	7.2%	3.1%

The report indicates that the per capita costs are anticipated to increase 3.1% or \$7.80 per capita over the Fiscal Year 2006 projections. Medical trends are higher than the overall increase, with per capita costs increasing from \$174.01 to \$186.59 (\$12.58). This increase is partially offset by an overall decrease in the pharmacy per capita costs, which are projected to decrease from \$75.06 to \$70.28 (\$4.78). The decrease is due to the impact of Medicare Part D auto-enrollment. Movement between categories and the pharmacy benefit changes have also impacted the per capita costs. There is also an associated clawback liability on the pharmacy that is budgeted to be \$290 million for calendar year 2006.

Consistent with our analysis of Fiscal Year 2006, Aon developed aggregate projections for Fiscal Year 2007. The enrollment numbers are based on actual enrollment through March 2006, and are assumed to remain at a level amount with disenrollment members removed. Below is summary by major category of service for Fiscal Year 2007:

Fiscal Year 2007		
Summary By Service Category - MCO		
All Eligibility Groups		
	Per Capita	Total*
Pharmacy	\$ 69.88	\$ 1,028,055,493
Home Health Care	\$ 3.51	\$ 51,449,091
Inpatient Hospital	\$ 48.32	\$ 708,038,203
Outpatient Hospital	\$ 47.18	\$ 691,302,838
Professional	\$ 72.19	\$ 1,057,720,045
Total	\$ 241.08	\$ 3,536,565,669
Admin - Pharmacy	\$ 0.39	\$ 5,789,532
Admin - MCO	\$ 15.39	\$ 225,560,861
Total With Admin	\$ 256.87	\$ 3,767,916,062

* Assumed average enrollment of 1,221,059

Disenrollment Groups

Recent State legislation allows the program to disenroll over 172,000 members. Disenrollments began in August 2005. Below is a summary of the groups and their disenrollment status:

TennCare Eligibility Classes	
Current	Disenrollment
Medically Needy	Over 20
Medicaid (TANF & Related)	None
Duals	None
Uninsured	Over 18
Disabled	None
Disabled Uninsured	Over 18
Disabled Uninsurable	Over 18
Waiver Duals	Over 18

As summarized above, all the children (under 19) will remain on the program. The majority of the members targeted have already been disenrolled. The remaining members will be disenrolled by the end of FY06, assuming to have 50% exposure over the last 6-months of the fiscal year.

Aon developed costs separately for those targeted for disenrollment. Details of those members' utilization and cost components can be found in the appendices.

Pharmacy Per Capita Costs

Pharmacy projections were discussed earlier in the report but below is a brief summary:

Summary Of Pharmacy Per Capita Costs		
Rate Group	FY 2006	FY 2007
Medically Needy	\$ 99.83	\$ 128.71
Medicaid (TANF & Related)	\$ 35.88	\$ 44.28
Duals	\$ 140.59	\$ -
Uninsured	\$ 35.11	\$ 41.44
Disabled	\$ 457.22	\$ 497.61
Waiver Duals	\$ 32.26	\$ 38.07
Disenrolled	\$ 27.90	\$ 36.15
All Eligibility Groups	\$ 75.05	\$ 70.28

There were many changes to the pharmacy program over the last 12-months. One of the largest was the implementation of hard script limits on August 1, 2005. This change alone resulted in rates dropping 40% from prior levels. Another large impact was the transition to Medicare Part D benefits for dual enrollees effective January 1, 2006. These members had their claims drop to \$0 in FY 2007 as well as showing a significant drop for FY 2006. Due to the changes above, the current results are significantly lower than the prior actuarial report although consistent with TennCare budget estimates.

Due to additional data received this year, Aon also developed a further breakdown of the pharmacy expenditures by brand and generics. Below is a summary:

Summary By Service Category - Pharmacy				
Service Category	Fiscal Year 2006		Fiscal Year 2007	
	PMPM	Total*	PMPM	Total**
Brand	\$ 55.03	\$ 833,069,308	\$ 51.56	\$ 758,551,483
Generic	\$ 18.26	\$ 276,397,929	\$ 16.95	\$ 249,286,060
Non-Drug***	\$ 1.35	\$ 20,402,785	\$ 1.37	\$ 20,217,950
SubTotal	\$ 74.63	\$ 1,129,870,022	\$ 69.88	\$ 1,028,055,493
Admin	\$ 0.42	\$ 6,362,904	\$ 0.39	\$ 5,789,532
Total With Admin	\$ 75.05	\$ 1,136,232,926	\$ 70.28	\$ 1,033,845,025

* Assumed average enrollment of 1,256,671 for FY 2006
 ** Assumed average enrollment of 1,221,059 for FY 2007
 *** Non-Drug includes medical supplies, bulk chemicals, etc

This breakdown shows that nearly 75% of the pharmacy claims expenditures are due to brand name drugs.

Dental Per Capita Costs

Consistent with the calculation of the per capita costs for the MCOs, Aon developed the cost for the carved-out dental program. Projected costs for this program are detailed below and include a 4.0% administrative load for FY 2006 that reduces to 3.5% for FY 2007 as a result of the dental marketing savings:

Summary Of Dental Per Capita Costs		
Rate Group	FY 2006	FY 2007
Medically Needy	\$ 9.15	\$ 9.16
Medicaid (TANF & Related)	\$ 12.19	\$ 12.53
Duals	\$ 0.06	\$ 0.04
Uninsured	\$ 21.34	\$ 22.04
Disabled	\$ 4.73	\$ 4.82
Waiver Duals	\$ 0.00	\$ -
Disenrolled	\$ 0.52	\$ -
All Eligibility Groups	\$ 9.03	\$ 9.54
2006 Current Projection	\$ 9.35	\$ 9.35
Difference	-3.4%	2.1%

The prior actuarial projection was \$9.35 per capita for FY 2006. An increase of 5.6% is indicated for FY 2007 over FY 2006. Using the FY 2006 and FY 2007 enrollment assumptions outlined earlier, the total dental expense for FY 2007 is anticipated to be \$139,837,226.

The data received this year contained more detail and was of higher quality than in past years. Aon was able to develop a further breakdown of the dental expenditures by major service category. Below is a summary:

Summary By Service Category - Dental				
Service Category	Fiscal Year 2006		Fiscal Year 2007	
	PMPM	Total*	PMPM	Total**
Diagnostic	\$ 1.28	\$ 19,375,890	\$ 1.37	\$ 20,145,029
Preventive	\$ 1.32	\$ 19,954,481	\$ 1.42	\$ 20,786,245
Restorative	\$ 3.06	\$ 46,206,544	\$ 3.26	\$ 47,802,371
Endodontics	\$ 0.74	\$ 11,155,295	\$ 0.79	\$ 11,503,699
Oral Surgery	\$ 0.87	\$ 13,066,378	\$ 0.91	\$ 13,294,360
Orthodontics	\$ 1.00	\$ 15,125,776	\$ 1.07	\$ 15,751,431
Other	\$ 0.39	\$ 5,878,758	\$ 0.41	\$ 6,009,381
SubTotal	\$ 8.67	\$ 130,763,122	\$ 9.23	\$ 135,292,517
Admin	\$ 0.36	\$ 5,448,463	\$ 0.31	\$ 4,544,710
Total With Admin	\$ 9.03	\$ 136,211,586	\$ 9.54	\$ 139,837,226

* Assumed average enrollment of 1,256,671 for FY 2006
 ** Assumed average enrollment of 1,221,059 for FY 2007

Only \$1.42, or 15% of the dental claims expenditures are projected to be spent on preventive services in FY 2007.

TennCare Partners - BHO Per Capita Costs

Beginning July 1, 2004, TennCare Partners entered into a risk contract with Tennessee Behavioral Health, Inc. for the East Tennessee Region (TBH East) that pays capitation rates based on demographic group and priority status. The remainder of the state is funded on the basis of a fixed monthly budget. This budget is currently divided between payments for individuals who are classified as priority (SPMI/SED) and non-priority. The following table shows the original aggregate FY 2006 per capita costs for statewide BHO services and the projected aggregate FY 2006 per capita costs:

BHO Per Capita Costs - Fiscal Year 2006		
Summary By Rate Group		
	Before Enrollment Impact	After Enrollment Impact
Priority	\$ 294.60	\$ 293.09
Non-Priority	\$ 5.88	\$ 5.70
Disenrolled	\$ 35.52	\$ 34.81
All Eligibility Groups	\$ 27.79	\$ 26.17
Prior Actuarial Estimate	\$ 27.89	\$ 27.89
Difference	-0.4%	-6.2%

The results show the prior projections to be overstated by 0.4%. This was due to subsequent experience being lower than anticipated and a corresponding lower trend assumption. When taking into account the disenrolled population, the projection is 6.2% overstated. This is a result of a disproportionate share of Non-Priority members disenrolling from the program.

BHO Per Capita Costs – Fiscal Year 2007

BHO Per Capita Costs - Fiscal Year 2007 Summary By Rate Group	
Priority	\$ 318.38
Non-Priority	\$ 6.16
Disenrolled	\$ -
All Eligibility Groups	\$ 28.16
2006 Current Projection	\$ 26.17
Difference	7.6%

The FY 2007 per capita costs were developed using a current year trend that varies by payment and service type and includes a 9.66% administrative load and 2% premium tax. Grants were assumed to remain level in aggregate. Like the MCO rate development, the historical trend rates were used to develop the fiscal year 2006 numbers and reflect additional financial results in the MLR reports. Overall, TennCare would need a 7.6% increase over the FY 2006 rates.

Behavioral health drugs are paid on a fee-for-service basis. Fiscal Year 2006 expected per capita costs have been developed using encounter data provided by TennCare. The costs for these drugs can be found in the appendices for pharmacy.

The data received this year by the BHO was reconciled to the MLR reports. Aon was able to develop a further breakdown of the BHO expenditures by major service category. Below is a summary:

Summary By Service Category - BHO All Eligibility Groups						
	Fiscal Year 2006		Fiscal Year 2007		% Change	
	Per Capita	Total*	Per Capita	Total**	Per Capita	Total
Inpatient - FFS	\$ 4.67	\$ 70,774,238	\$ 5.10	\$ 75,072,976	9.2%	6.1%
Inpatient - RMHI	\$ 3.33	\$ 50,464,750	\$ 3.66	\$ 53,889,525	9.9%	6.8%
Inpatient - TCMC	\$ 0.35	\$ 5,260,711	\$ 0.37	\$ 5,475,186	7.1%	4.1%
Subtotal - Inpatient	\$ 8.35	\$ 126,499,698	\$ 9.14	\$ 134,437,686	9.4%	6.3%
OP - Non Methadone	\$ 1.31	\$ 19,860,029	\$ 1.41	\$ 20,693,878	7.2%	4.2%
OP - Methadone - FFS	\$ 0.00	\$ 46,699	\$ 0.00	\$ 50,517	11.3%	8.2%
OP - Methadone - Capitated	\$ 0.06	\$ 844,236	\$ 0.06	\$ 930,961	13.5%	10.3%
Subtotal - Outpatient	\$ 1.37	\$ 20,750,964	\$ 1.47	\$ 21,675,356	7.5%	4.5%
CMHC	\$ 8.56	\$ 129,621,657	\$ 9.11	\$ 133,979,958	6.4%	3.4%
Grant Payments	\$ 2.38	\$ 36,078,020	\$ 2.45	\$ 36,078,020	2.9%	0.0%
In-Home Services	\$ 0.56	\$ 8,454,867	\$ 0.63	\$ 9,328,746	13.5%	10.3%
Supported Housing	\$ 0.81	\$ 12,337,162	\$ 0.91	\$ 13,332,363	11.2%	8.1%
23 Hour	\$ 0.01	\$ 120,874	\$ 0.01	\$ 118,981	1.3%	-1.6%
IOP	\$ 0.33	\$ 4,921,163	\$ 0.35	\$ 5,147,231	7.6%	4.6%
Partial Hospitalization	\$ 0.03	\$ 381,151	\$ 0.03	\$ 392,275	5.9%	2.9%
Transportation - FFS	\$ 0.61	\$ 9,202,304	\$ 0.67	\$ 9,824,555	9.9%	6.8%
Transportation - CSA Cap	\$ 0.11	\$ 1,615,294	\$ 0.12	\$ 1,719,449	9.5%	6.4%
Subtotal - Transportation	\$ 0.71	\$ 10,817,597	\$ 0.78	\$ 11,544,004	9.8%	6.7%
Total	\$ 23.12	\$ 349,983,153	\$ 24.88	\$ 366,034,620	7.6%	4.6%
Administration	\$ 3.05	\$ 46,194,290	\$ 3.28	\$ 48,312,924	7.6%	4.6%
Grand Total	\$ 26.17	\$ 396,177,443	\$ 28.16	\$ 414,347,544	7.6%	4.6%
* Assumed average enrollment of 1,261,717 for FY 2006						
** Assumed average enrollment of 1,226,046 for FY 2007						

Analysis of Provider Cost

As part of our actuarial report, Aon was required to perform a detailed review of the hospital environment and reimbursement levels under the current Medicaid program. Details of our analysis, with associated methodologies, can be found in Section V. Below is a brief summary of our findings:

Hospital Environment

The percentage of Tennessee's population living below the FPL in 2004 was 5% less than the average for all other Region IV states. The percentage of individuals living under 200% of the FPL was also 5% less than the average for the Region. However, Tennessee serves a disproportionately high percentage of its population through the Medicaid (TennCare) program.

The acuity level, as gauged by the utilization of inpatient and outpatient services, for Tennessee's Medicaid population is higher than that of other states due to the inclusion of populations not covered by Medicaid in other states. As such, inpatient cost per day and the outpatient cost to charge ratio calculated and utilized herein have been adjusted accordingly.

In FY 2004, Tennessee's Medicaid enrollment equaled 22.56% of the State's total population. By comparison, the average percentage of population enrolled among other Region IV states was 13.80%. The percent of Tennessee's population enrolled in Medicaid far exceeds that of other states. Mississippi, the second highest state, had 19.83% of its population enrolled in Medicaid during 2004.

Tennessee's expenditure (non-federal dollars) per Medicaid enrollee, \$2,062, is 15% higher than the average for Region IV states. The State's cost for the Medicaid program is equal to \$301.48 for each resident. This places Tennessee ahead of the average for other states in Region IV by 13%.

In 2004, 35.2% of all State expenditures were attributable to the Medicaid program. This places Tennessee 45% ahead of the Region IV average. The second highest-ranking state was Mississippi; however, Mississippi has a much higher FMAP and lower level of per capital income (PCI).

Medicaid Allowable Cost

Tennessee's Medicaid allowed inpatient cost using the methodology outlined herein, was \$1,177.14 per day for FY 2005. This indicates that the State's inpatient cost per day was 7.6% higher than that of the average for Region IV states included in the calculation.

The inpatient cost to charge ratio of 37.26%, calculated by comparing the proxy cost per day (as determined herein) to the charges per day (as reported by the State), varies from the overall cost to charge ratio for the State's Hospitals (using American Hospital Association data reported by the hospitals) by less than 1%.

The Medicaid allowed outpatient cost to charge ratio, as determined using the methodology outlined herein, was 29.59% for FY 2004. This would indicate that the State's hospitals, on average, incur costs 5.9% greater, as percent of charges, than other Region IV states.

Medicaid Reimbursement

For FY 2003, Tennessee hospitals were reimbursed, as an industry, 92.30% of their Medicaid allowed costs. This placed the State's industry 7.6% ahead of the Region IV average of 85.79%. This places Tennessee behind Georgia and only slightly ahead of Mississippi.

Hospital Profitability (Inpatient and Outpatient Services Only)

The State's hospital industry realized profits of \$565,069,130 in 2004.

Profits for the industry increased 5.6% from 2003 and 19% during the period 2000 through 2004.

Hospitals in Tennessee, in aggregate, realized a profit margin of 5.57% during the period 2000 through 2004. This indicated that the State's industry average was 23.29% ahead the margin reported for the U.S. (4.52%)

Hospitals in the State realized an overall profit per adjusted inpatient day of \$72.86 for each adjusted inpatient day.

SECTION II. PROGRAM OVERVIEW

On January 1, 1994, Tennessee began a new health care reform program called TennCare. This program, which required no new taxes, essentially replaced the Medicaid Program in Tennessee. TennCare was designed as a managed care model. It extended coverage to uninsured and uninsurable persons who were not eligible for Medicaid.

The TennCare program was implemented as a five-year demonstration program approved by the federal Health Care Financing Administration (HCFA), which is now known as the Centers for Medicare and Medicaid Services (CMS). The program received several extensions after the original expiration date of December 30, 1999. In July 2002, Tennessee began a new five-year TennCare demonstration program.

The current TennCare program is really two programs. There is TennCare Medicaid, which is for persons who are Medicaid eligible, and TennCare Standard, which is for persons who are not Medicaid eligible but who have been determined to meet the state's criteria as being either uninsured or uninsurable. Historically, individuals in both programs have received the same services. TennCare Standard enrollees with family incomes at or above poverty are required to pay premiums and copays, however.

New reforms to TennCare were approved by CMS in the spring of 2005. According to these reforms, TennCare Standard adults aged 19 and over were to be disenrolled from the program, beginning in August 2005. TennCare Medically Needy adults aged 21 and older who were not pregnant were to be disenrolled also. All disenrollments are anticipated to be completed by June 30, 2006.

TennCare services are offered through several managed care entities. Each enrollee has a Managed Care Organization (MCO) for his primary care and medical/surgical services, a Behavioral Health Organization (BHO) for his or her behavioral health and substance abuse treatment services, and a Pharmacy Benefits Manager (PBM) for his pharmacy services. Children under the age of 21 are eligible for dental services, which are provided by a Dental Benefits Manager (DBM). Enrollees are allowed to choose the MCO they wish from among those available in the areas in which they live.

Traditionally, MCOs have been "at risk," meaning that their compensation was based on a per member, per month capitation fee for each enrollee, regardless of how many services the enrollee used. However, because of instability among some of the MCOs participating in TennCare, the "at risk" concept was replaced in July 2002 with a "non-risk" arrangement. MCOs began submitting invoices to TennCare for payment of medical services delivered and receiving a fixed administrative fee. The state added its own MCO, called TennCare Select, to serve as a backup if other plans failed or there was inadequate MCO capacity in any area of the state. TennCare Select is administered by BlueCross/BlueShield of Tennessee.

Current Environment

TennCare currently contracts with eight different Managed Care Organizations (MCOs) to provide services across the East, Middle, and West Tennessee Grand Regions. Plan members have the option to choose their MCO from those available in their region. Below is the current MCO by appropriate operating region:

West Tennessee	Middle Tennessee	East Tennessee
TennCare Select	TennCare Select	TennCare Select
Better Health Plans, Inc	Windsor Health Plan of TN, Inc	BlueCare
TLC Family Care		Preferred Health Plan (PHP)
OmniCare Health Plan		John Deere Health Care

Prior to July 1, 2004, TennCare Partners contracted with two Behavioral Health Organizations (BHOs) to provide mental health services statewide. Plan members choose from either Premier Behavioral Systems of

Tennessee (Premier) or Tennessee Behavioral Health, Inc. (TBH) Beginning July 1, 2004, TennCare Partners entered into a full capitation agreement with TBH to provide mental health services for all members in the East Region. Members in the remainder of the state continued to have the choice between Premier and TBH for their mental health services.

Current 1115 Waiver and Historical Perspective

Tennessee was granted a five-year waiver from the Centers for Medicare and Medicaid Services (CMS) effective July 1, 2002. The waiver provides for a number of changes in TennCare including changes in the eligible population and changes in the program design such as service limits and cost sharing. While the new waiver was effective July 1, 2002, the benefit changes that were allowed under that waiver were never fully implemented in an effort to negotiate settlements to many outstanding lawsuits.

Under the waiver, TennCare was approved to enter into a “stabilization” plan, also effective July 2002, whereby risk-based contracts for managed care organizations were converted to Administrative Services Only (ASO) contracts. The transition to ASO contracts has resulted in more detailed data reporting from the MCOs. In particular, the amount paid for specific services is captured. This data collection is further detailed in Section IV (Data Sources). Since the inception of the stabilization plan, the TennCare Bureau has also gained stronger control over most expenditures to providers through specific contractual terms with managed care organizations.

Effective October 2002, dental services were carved out of the managed care contracts. The services are now paid fee-for-service and are administered by a Dental Benefits Manager (DBM), Doral Dental USA. As the DBM for TennCare, Doral is responsible for maintaining an adequate dental provider network, paying provider claims and providing member and outreach services.

Effective July 1, 2003, the State took over the Non-Dual MCO pharmacy programs on a fee-for-service basis. MCO pharmacy per capita costs are presented in the development of the TennCare per capita costs. Behavioral pharmacy (hereafter referred to as BHO pharmacy) per capita costs are presented in the development of the TennCare Partners per capita cost. A new pharmacy benefit manager, First Health, was awarded a contract effective January 1, 2004.

A Preferred Drug List (PDL) was phased in, beginning October, 2003. It was fully implemented January, 2004. Although this is a voluntary PDL, compliance is currently over 80%. Savings from the PDL is primarily achieved through enhanced rebates, which are not included in our projection.

TennCare Partners recently underwent a vendor solicitation process to secure behavioral health organizations (BHOs) by region. Beginning July 1, 2004, there is a risk contract with a BHO in East Tennessee that pays capitation rates that differ by demographic group and priority status. The remainder of the state is funded on the basis of a fixed monthly budget. This budget is currently divided between payments for individuals who are classified as priority (SPMI/SED) and non-priority. Behavioral health drugs are paid on a fee-for-service basis.

In late 2004 the State of Tennessee was in a budget crisis. Increases for TennCare were not sustainable and the Bureau was at an impasse with Tennessee Justice Center regarding relief from consent decrees

In early 2005 the TennCare reform plan was finalized and includes disenrollments and benefit reductions. In July 2005 disenrollment of more than 190,000 TennCare Standard adults began. In August 2005, the hard limit for the pharmacy benefit was implemented. Monthly prescriptions are limited to five per member, with no more than two allowed for brand drugs. Later in that month the State also obtained substantial relief from most onerous provisions of Grier Consent Decree.

SECTION III. PROJECT SCOPE

At the request of the Tennessee Office of the Comptroller, Aon Consulting (Aon) has calculated per capita costs for the TennCare and TennCare Partners programs for State Fiscal Year 2007. The per capita costs shown in this report are calculated to assist in the development of the TennCare budget and to develop medical fund targets for managed care organizations. With Encore's return to at-risk contracts with managed care organizations, these per capita costs can also serve as the basis for developing capitation rates and risk sharing.

This report describes the methods, data and assumptions used to develop per capita costs for the acute care portion of the TennCare program. Administrative costs associated with those portions of the program that would be covered by contracts with managed care organizations are included in these calculations.

The report also includes a review of the State's hospital reimbursement level. The report was produced with a methodology thoroughly discussed with the Tennessee Hospital Association and represents a good-faith effort to accurately compare the reimbursement amounts and costs with other similar States.

A number of material changes in the TennCare program have been implemented by the Governor's office. These changes have been integrated into the report through various benefit adjustments, members' disenrollments and headcount projections.

For TennCare Partners we show the statewide per capita costs. Per capita costs for the fee-for-service dental and pharmacy programs are also provided.

SECTION IV. DATA SOURCES

TennCare Claims and Encounter Data

Medical Claims and Encounter Data

TennCare received detailed claims and encounter data from each of the MCOs. This data was then compiled and loaded into a central data warehouse. Aon also obtained a detailed claim and encounter data extract from the Bureau of TennCare (the CODMAN Extract) for the period July 1, 2002 through December 31, 2005. This data was supplemental to the data received directly from the MCOs. Additionally, we received information regarding capitated payments and recoveries not available on the encounter data.

The data was segregated into the following broad service categories: inpatient hospital, outpatient hospital, home health care, professional, and pharmacy. We performed numerous diagnostic analyses to ensure the data was credible.

To ensure the completeness of the data, we compared the encounter data for each plan to the paid expenditure data reported in the monthly Medical Fund Target reports that are submitted to the Bureau of TennCare and the Department of Commerce and Insurance. The claims received from the MCOs were provided less than 1% deviation from the reports. Due to the accuracy of the data, Aon has used a more current period than prior reports.

Pharmacy Claims and Encounter Data

The TennCare Bureau received detailed claims and encounter data from the pharmacy benefit manager, currently FirstHealth. This data was compiled and loaded into a central data warehouse. Aon obtained detailed claims and encounter data submitted to the TennCare Bureau for the period July 1, 2002 through January 30, 2006.

The pharmacy program recently underwent three major changes during our analysis period:

1. Effective August 1, 2005, the pharmacy “hard limits” of 5 scripts per month were implemented
2. Effective November 1, 2005, the Preferred Drug List (PDL) was expanded
3. Effective January 1, 2006, Medicaid Dual members were auto-enrolled in the Medicare Part D program.

There were also numerous operational and medical management initiatives implemented, such as concurrent DUR and disease management.

The first change regarding script limits effectively made data prior to August 2005 difficult to utilize. For this reason, Aon decided to base our projection on data incurred after August 2005. The second change resulted in minimal financial impact and required no external data adjustments. The third change regarding Part D enrollees effectively eliminated pharmacy claims data for the Dual members. Their claims are now processed by Medicare, with the State financially responsible for the “clawback” amount. This amount is still being determined, but the State portion is estimated to be between \$95 to \$110 per member per month, effective January 2006. This “clawback” obligation is not included in this report but should be recognized as a budgetary item. TennCare is currently budgeting \$290 million for Fiscal Year 2007.

Dental Claims and Encounter Data

Aon received dental encounter data from the TennCare Bureau for claims paid from July 2002 through December 2005. The same dental vendor was in place for the entire data period. We selected claims incurred from October 2004 through September 2005, paid through December 2005, as our base data period. This data represents twelve months of experience with three months of run-out.

The data was aggregated by age and aid category. Effective August 1, 2005, all dental benefits were eliminated for members age 21 and older.

TennCare Partners Claims and Encounter Data

Aon obtained the following data from Advocare, the current behavioral health services provider, and from this data, selected base year data:

- UB92 inpatient and outpatient detailed encounter data with dates of payment from July 1, 2001 through December 31, 2005.
- HCFA 1500 professional detailed encounter data with dates of payment from July 1, 2001 through December 31, 2005;
- Utilization by provider and service type for services covered by grant payments, Community Mental Health Centers, Tennessee Christian Medical Center and Regional Mental Health Institutions from July 1, 2001 through December 31, 2005.
- Additionally, we received the BHO monthly Medical Loss Ratio reports that are submitted to the Bureau of TennCare and the Department of Commerce and Insurance with payment information through February 2006.

On July 1, 2004, TennCare Partners entered into a full risk capitation agreement with Tennessee Behavioral Health, Inc. for the East Tennessee Region (TBH East.) Aon used the most recent data available to establish the statewide capitation rates. We used data incurred between October 2004 and September 2005 and paid through December 2005 to establish the baseline per capita costs.

Eligibility Data

The Bureau of TennCare provided detailed eligibility data for the period July 2002 through December 2005. From this data, we selected the appropriate time period corresponding to the baseline encounter data. Aon calculated member months of eligibility from this data segregated by eligibility category, demographic group, health plan, region and month. The calculations include counts of fractional months for members who started or ended their eligibility in the middle of the month.

The eligibility data included information regarding a member's disenrollment status. The code indicated whether they are currently disenrolled or targeted for disenrollment in this fiscal year. Aon utilized this information to project enrollment for Fiscal Year 2006, assuming all will be disenrolled by March 2006. Using similar logic, membership for Fiscal Year 2007 was also developed.

In addition, Advocare provided Eligibility data from October 1, 2003 through December 31, 2005 by age group, priority status, and vendor/contract. This allowed Aon to reconcile the difference in BHO and MCO enrollment. The final difference was membership levels of State-Only and Judicial members, who only have BHO benefits.

Medical Fund Target Reports and Medical Loss Ratio Reports

MCOs are required to submit monthly reports that show how their experience compares to the medical fund targets. This was historically a loss ratio report, but the fund targets reported are no longer relevant to the MCOs due to their movement to an ASO relationship. These reports are valuable as a check to the claims data received.

BHO's continue to submit a medical loss ratio report that compares their experience to their capitation or funding level.

Aon received the MFT and MLR Reports for the period July 2002 through February 2006. The reports include required capitation adjustments, recoveries and claim triangle reports.

Invoices

Aon received detailed invoices for all the major service groups, including the MCOs, BHOs, Pharmacy and Dental. These invoices were used to validate both the claims data and MFT reports. The invoices were available from July 2003 through February 2006.

SECTION V. ANALYSIS OF PROVIDER COST

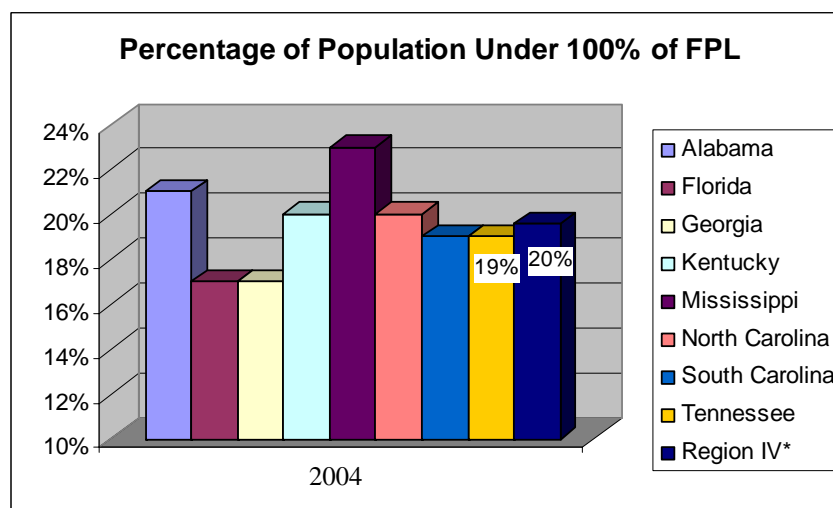
Hospital Environment

Tennessee's hospital industry operates within an environment that, in many regards, offers relevant comparability to the environments of other states identified as being in CMS' Region IV. These states include Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, and South Carolina.

The Federal Poverty Level (FPL) is discussed in the following text. As such, the following chart is provided in order to clarify the relationship between family size and income used to determine poverty by the US Department of Health and Human Services (DHHS). The FPL is a primary factor in determining eligibility for the Medicaid program.

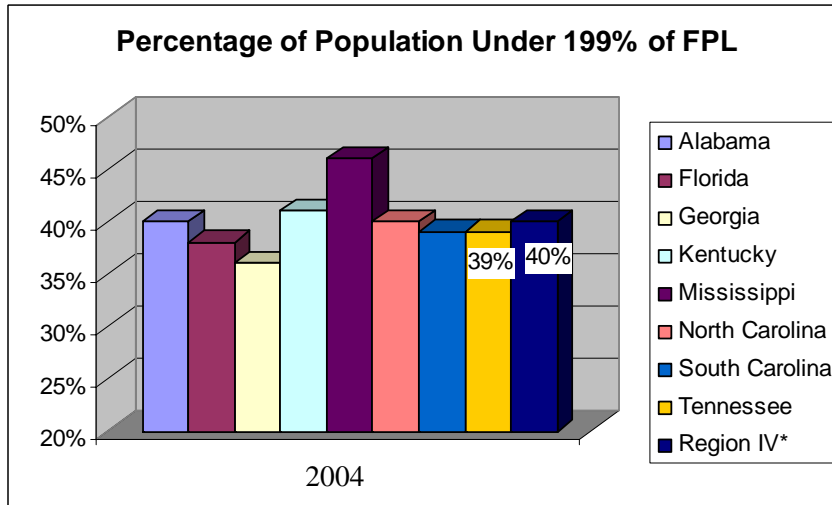
2004 HHS Poverty Guidelines				
Family Unit Size	48 Contiguous States and D.C.	Alaska	Hawaii	
1	\$ 9,310.00	\$ 11,630.00	\$ 10,700.00	
2	\$ 12,490.00	\$ 15,610.00	\$ 14,360.00	
3	\$ 15,670.00	\$ 19,590.00	\$ 18,020.00	
4	\$ 18,850.00	\$ 23,570.00	\$ 21,680.00	
5	\$ 22,030.00	\$ 27,550.00	\$ 25,340.00	
6	\$ 25,210.00	\$ 31,530.00	\$ 29,000.00	
7	\$ 28,390.00	\$ 35,510.00	\$ 32,660.00	
8	\$ 31,570.00	\$ 39,490.00	\$ 36,320.00	
For each additional person, add	\$ 3,180.00	\$ 3,980.00	\$ 3,660.00	
SOURCE: <i>Federal Register</i> , Vol. 69, No. 30, February 13, 2004, pp. 7336-7338				

Each state has latitude with regard to the level of income that individuals and/or families may have in order to qualify for the Medicaid program. The following chart indicates that the percentage of Tennessee's population that was below one hundred percent (100%) of the Federal Poverty Level (FPL) was nineteen percent (19%). The simple average percentage of those living below the FPL in all other Region IV states was twenty percent (20%) during 2004. One would correctly conclude that, on average, Tennessee five percent (5%) less of its population living below the FPL than the average state in Region IV did during 2004.



Sources: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2004 and 2005 Current Population Survey (CPS: Annual Social and Economic Supplements)

Most states set their state specific enrollment criteria at a level significantly higher than the FPL. As such, a better benchmark for potential program enrollment might be garnered using the percentage of a state's population living below one 199% of the FPL. Tennessee's percentage of individuals living at or below 199% of the FPL was one percentage point, or 2.5%, lower than the average for all other Region IV states.



Sources: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2004 and 2005 Current Population Survey (CPS: Annual Social and Economic Supplements)

The percentage of individuals living from 0-199% of the FPL in Tennessee is lower than the average percentage in Region IV. However, the number of individuals enrolled in Tennessee's Medicaid program as a percentage of the population varies greatly from other states in the Region as illustrated below:

Medicaid Enrollment as a Percentage of Population	
Alabama	14.88%
Florida	11.76%
Georgia	14.61%
Kentucky	15.73%
Mississippi	19.83%
North Carolina	12.81%
South Carolina	15.43%
Tennessee	22.56%
Region IV*	13.80%

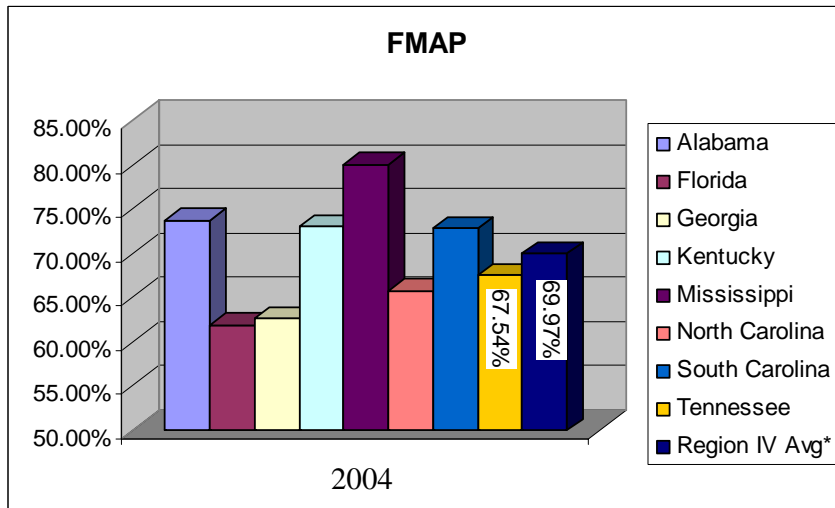
The Kaiser Family Foundation, statehealthfacts.org. Data Source: Compiled by the Health Management Associates from state Medicaid enrollment reports, for the Kaiser Commission on Medicaid and the Uninsured. Data as of June, 2004, published October, 2005.

The Centers for Medicare and Medicaid Services (CMS) reimburses state Medicaid agencies for a portion of actual expenditures made under the provisions of each state's approved Medicaid State Plan. Federal financial participation (FFP) payment is based on qualifying expenditures for medical services or for program administration.

The amount of FFP (reimbursement) to a state for medical services depends on two factors. The first is the actual amount spent that qualifies as matchable under Medicaid guidelines: the expenditure is for a covered service; provided by a qualified provider enrolled with the Medicaid program; and to a person eligible for and enrolled in Medicaid at the time of service.

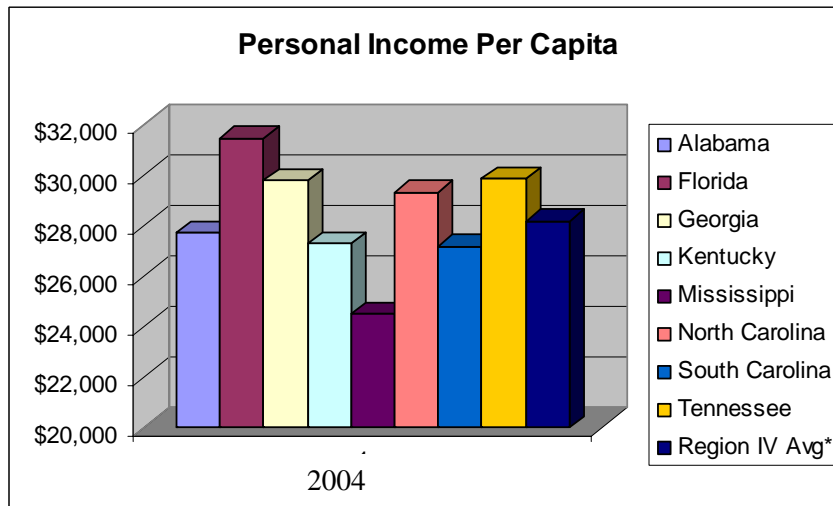
The second factor is the Federal Medical Assistance Percentage (FMAP), which varies from state to state. The FMAP percentage is computed from a formula that takes into account the average per capita income for

each state relative to the national average and, by law, the FMAP cannot be less than 50%. The following table indicates the FMAP for all Region IV states for 2004 and, consequently, it is illustrative of the comparative relationship of each state's historic per capita income (PCI) with that of the United States. Note, the relationship between FMAP and PCI is inversely correlated, such that states with a higher, comparative PCI have a lower FMAP.



Federal Register, June 17, 2003 (Vol. 68, No. 116), pp. 35889-35890

The FMAP percentages used by CMS are based on historical data. When the actual PCI figures for 2004 are compared by state, it is clear that CMS' estimates were not wholly accurate, as the variances by state in PCI do not always correlate to the corresponding FMAP.



Source: U.S. Bureau of Labor Statistics, Statistical Abstract 2006

Total expenditures, from all sources, per Medicaid enrollee is a comparative factor that normalizes for the FMAP. Tennessee spends less, in total dollars, per Medicaid enrollee than any other state in Region IV as illustrated below:

Total Expenditures per Enrollee	
Alabama	\$ 5,402.52
Florida	\$ 6,164.86
Georgia	\$ 6,958.11
Kentucky	\$ 6,564.14
Mississippi	\$ 5,915.48
North Carolina	\$ 7,520.22
South Carolina	\$ 6,064.63
Tennessee	\$ 5,250.40
Region IV Avg*	\$ 6,459.77

Table 28, Medicaid Expenditures, *2004 State Expenditure Report*, National Association of State Budget Officers and Health Management Associates from state Medicaid enrollment reports, for the Kaiser Commission on Medicaid and the Uninsured. Data as of June, 2004, published October, 2005.

However, the level at which a state spends its own resources to provide for the medical care of the impoverished population is, given state budget constraints, a more critical indicator of the choices that states must make through enrollment and reimbursement policy.

Non-Federal Expenditures per Enrollee	
Georgia	\$1,536
Mississippi	\$2,270
Alabama	\$1,335
South Carolina	\$1,701
Kentucky	\$1,379
Avg Region IV *	\$1,954
North Carolina	\$1,659
Tennessee	\$2,062
Florida	\$1,794

Table 28, Medicaid Expenditures, *2004 State Expenditure Report*, National Association of State Budget Officers and Health Management Associates from state Medicaid enrollment reports, for the Kaiser Commission on Medicaid and the Uninsured. Data as of June, 2004, published October, 2005.

When compared to the total population, Tennessee spends more per capita on Medicaid than any other state in Region IV as illustrated below.

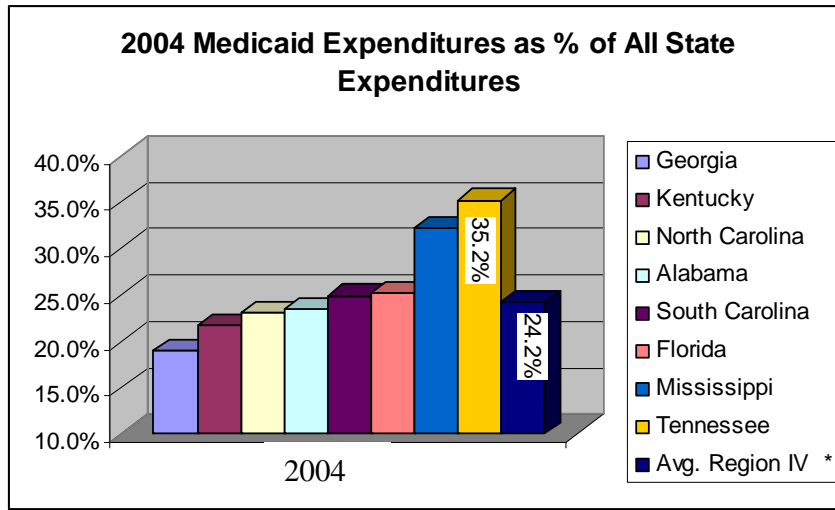
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Mississippi	\$ 5,915.48
North Carolina	\$ 7,520.22
South Carolina	\$ 6,064.63
Tennessee	\$ 5,250.40
Region IV Avg*	\$ 6,459.77

* Excludes TN

The Kaiser Family Foundation, statehealthfacts.org. Data Source

Table 28, Medicaid Expenditures, 2003 State Expenditure Report, National Association of State Budget Officers

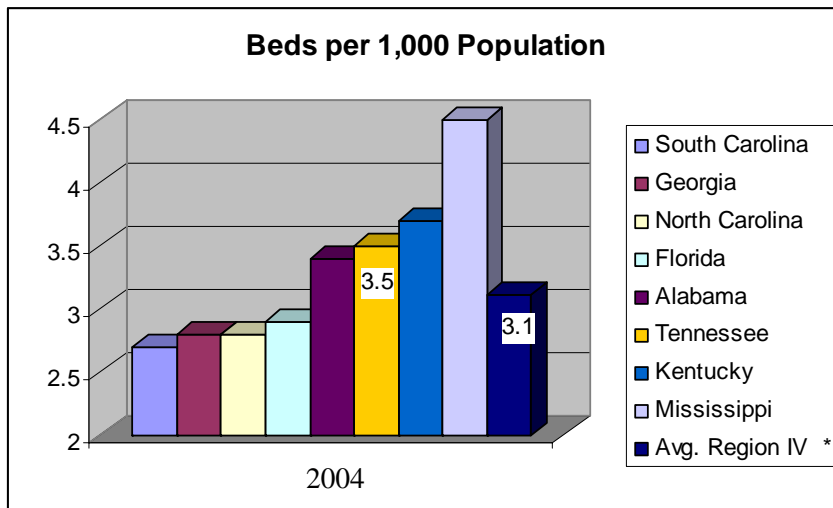
Tennessee also spends a significantly higher percentage of its general fund on Medicaid. In 2003, 25.2% of Tennessee's general fund expenditures were for Medicaid. The average for Region IV was 12.19% and the next highest-ranking state was Florida with 17.8% as illustrated below.



Tables 1 (All expenditures), Table 28 (Medicaid), 2004 State Expenditure Report, National Association of State Budget Officers.

Tennessee's spending per enrollee only slightly exceeds the average that other Region IV states are spending on Medicaid as illustrated below.

In 2003, there were 20,313 hospital beds available in Tennessee, which equated to 3.48 beds per 1,000 residents. Tennessee ranks well above the Region IV average of 3.08 and slightly ahead of the US average of 3.32, as illustrated in the following chart.

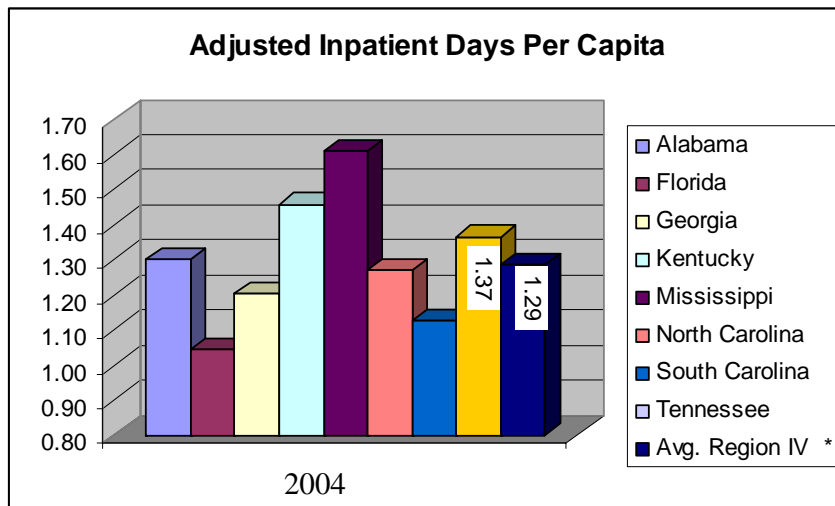


Source: AHA Hospital Statistics, 2005, Health Forum LLC, an affiliate of the American Hospital Association

Hospital Utilization

The utilization, within a state, of hospital services by the population at-large also assists in establishing the environment within which the industry operates. The following chart indicates that the adjusted patient day per capita figure in Tennessee for 2004 was 1.37, whereas the weighted average for all other Region IV states

was 1.29. This indicates that, overall, Tennessee’s residents utilized ten percent 6.2% more hospital services per capita than the average of all those residing in all other Region IV states, as illustrated in the chart below.



Source: AHA Hospital Statistics, 2006, Health Forum LLC, an affiliate of the American Hospital Association

The average number of days per inpatient visit in TN was below the Region IV average and both the labor cost and total cost per adjusted patient day were below the Region IV average.

Tennessee Hospital Cost Reporting

Unlike the vast majority of other states, Tennessee does not require that Medicaid enrolled hospitals complete the Medicaid section of the Medicare cost report or that said hospitals complete a separate Medicaid cost report. Since cost data for the industry is not readily available it is necessary to develop a model for producing a proxy for both inpatient and outpatient cost.

Tennessee’s hospitals do complete the Medicare Cost Report and there exists a relationship between hospitals’ Medicare allowed costs and Medicaid allowed costs. In order to define this relationship, Medicare hospital cost report data was analyzed for every hospital that had filed a Medicare cost report for 2003. While data from all states was collected and analyzed, only data for those states in CMS Region IV has been used for this study. Alabama is excluded due to a lack of reporting requirements in that state.

It is important to note that the calculation of the Medicaid cost/charge ratio is based on an average of all reporting hospitals in the state and should not be assumed to apply to any specific hospital or hospital type.

Acuity Adjustment Factor (AAF)

Tennessee covers an expansion population that includes, among others, individuals classified as “uninsurable”. This expansion population creates an aggregate acuity mix within the Medicaid population that is unique to the state. As such, an acuity adjustment factor (AAF) has been calculated for inpatient and outpatient services. Acuity adjustment factors were calculated as follows:

AAF Inpatient = charge per day with expansion population / charge per day without expansion population

$$\text{AAF Inpatient} = (3441/3198) = 7.6\%$$

AAF Outpatient = charge per claim with expansion population / charge per day without expansion population

$$\text{AAF Outpatient} = (659/623) = 5.9\%$$

The AAF will be applied to the cost per day for inpatient services and to the outpatient cost to charge ratio (CCR) for outpatient services in order to adjust proxy cost figures to reflect TennCare’s unique acuity.

Medicaid Allowed Inpatient (IP) Cost per Day

The following chart provides the Medicaid inpatient cost per day for six Region IV states using the information reported to CMS by hospitals in each state. As indicated, the average cost per day is \$1,094. This figure is used and multiplied by the previously calculated acuity adjustment factor of 7.6% for the State of Tennessee to arrive at an approximation for Tennessee’s inpatient cost per day of \$1,177.14. This figure is \$83.14, or 7.6%, ahead of the average for the Region IV states included in the calculation and Tennessee’s cost per day is between those of Florida and Georgia.

	Cost Per Day
Florida	\$1,246
Georgia	\$1,142
Kentucky	\$643
Mississippi	\$1,005
South Carolina	\$1,097
North Carolina	\$824
Region IV	\$1,094

Source: Centers for Medicare and Medicaid Services, HCRIS DATASET, last modified 12/31//2005

Region IV Average	\$1,094
Inpatient AAF	7.60%
Cost per Day	\$ 1,177.14

While this figure is deemed reliable for purposes of this analysis and has been calculated using methodology that was developed during discussions with industry leaders, it is not meant as a substitute for the figure one might obtain using filed and audited Medicaid cost data. It should be noted that the Tennessee average cost per day is based on an average of all hospitals and should not be assumed to apply to any specific hospital or hospital type.

Further, this proxy figure conflicts with figures published by the Tennessee Hospital Association, at least in part, due to the fact that it would represent Medicaid allowed costs and not necessarily all costs a hospital might incur.

Medicaid Allowed Outpatient Cost to Charge Ratio

Again, unlike the vast majority of states, Tennessee does not require that Medicaid enrolled hospitals submit any form of cost report that would indicate their Medicaid cost. As such, cost data from the industry is not available and a proxy for cost is required.

Unlike inpatient days, there is not a divisor for aggregated cost that will yield an acceptable cost per unit. Therefore, a proxy for the State’s Medicaid outpatient cost to charge ratio has been calculated using data reported to CMS by hospitals throughout Region IV.

	Outpatient CCR
Florida	21.10%
Georgia	34.43%
Kentucky	28.50%
Mississippi	29.88%
South Carolina	29.75%
North Carolina	38.93%
Region IV	27.94%

Data Source: Centers for Medicare and Medicaid Services, HCRIS DATASET, last modified 12/31/2005

The average Medicaid outpatient cost to charge ratio for six Region IV states has been calculated to be 27.94%. When this figure is adjusted to account for the unique acuity of Tennessee’s Medicaid population using the previously calculated outpatient acuity adjustment factor of 5.9%, a proxy for Tennessee’s CCR is determined to be 29.59%.

Outpatient CCR Tennessee	
Region IV Average	27.94%
Outpatient AAF	5.90%
CCR	29.59%

While this figure is deemed reliable for purposes of this analysis and has been calculated using methodology that was developed during discussions with industry leaders, it is not meant as a substitute for the figure one might obtain using filed and audited Medicaid cost data. It should be noted that the Tennessee average cost per day is based on an average of all hospitals and should not be assumed to apply to any specific hospital or hospital type.

Further, this proxy figure conflicts with figures published by the Tennessee Hospital Association, at least in part, due to the fact that it would represent Medicaid allowed costs and not necessarily all costs a hospital might incur.

Tennessee Hospital Cost

In the preceding section the Medicaid allowed inpatient cost per day and the outpatient cost to charge ratio’s for Tennessee were calculated. When one multiplies the inpatient cost per day by the number of inpatient days provided to Medicaid beneficiaries the total inpatient cost is determined to be \$968,894,278.

Similarly, when one multiplies the outpatient cost to charge ratio by the total allowable charges billed on behalf of Medicaid beneficiaries the total outpatient cost is determined to be \$698,411,051.

Tennessee Total Outpatient Cost	
Total OP Charges	\$2,360,332,559.00
CCR	29.59%
Total OP Cost	\$698,411,051.01

As such, the total allowable cost incurred by Tennessee hospitals on behalf of Medicaid beneficiaries is calculated to be \$1,667,305,329.

Tennessee Total Cost	
Inpatient Cost	\$968,894,277.82
Outpatient Cost	\$698,411,051.01
Total Cost	\$1,667,305,328.82

Tennessee Hospital Reimbursement

For State Fiscal Year (SFY) 2005, the total payments made to hospitals equaled \$1,538,889,142.

Tennessee Total Payments	
Supplemental	100,000,000.00
Inpatient Payments	732,919,554.00
Outpatient Payments	705,969,588.00
Total Payments	1,438,889,142.00

When total payments are divided by total cost, one calculates a percentage of allowable Medicaid costs reimbursed for the State's hospitals to be 92.3%.

Percent Cost Reimbursed	
Total Payments	\$1,538,889,142.00
Total Cost	\$1,667,305,328.82
Payments/Cost	92.30%

This figure is 7.6 % above the average for the Region IV states included in these calculations and is below only Georgia.

Profitability Analysis

For the year end 2004, Tennessee hospitals reported profits (net revenues exceeding net expenses) of \$541,797,952, which is 6% ahead of 2003 profits and illustrative of a 19% increase in profitability since 2000.

The following chart provides detailed, annual information on the State's hospital industry and compares the State's performance to the overall performance of the U.S. hospital industry using data reported to the American Hospital Association by hospitals.

	2004	2003	2002	2001	2000	2000-2004
Tennessee						
Total Net Revenue	\$10,363,793,823	\$9,652,030,897	\$8,781,164,810	\$8,500,355,125	\$7,950,369,293	\$45,247,713,948
Total Expenses	9,798,724,693	9,116,779,809	8,276,736,830	8,058,017,723	7,475,659,236	42,725,918,291
Total Profit	565,069,130	535,251,088	504,427,980	442,337,402	474,710,057	2,521,795,657
Profit Margin	5.45%	5.55%	5.74%	5.20%	5.97%	5.57%
Profit Margin U.S.	5.13%	4.69%	4.34%	4.05%	4.19%	4.52%
TN Margin as % U.S. Margi	106.38%	118.19%	132.30%	128.46%	142.52%	123.29%
The State's hospital industry realized a profit of \$565,069,130 in 2004 and a profit in excess of \$2.5 billion from 2000 to 2004.						
The industry's profit margin for the five year period is 23.29% ahead of the national average for all states and the District of Columbia.						

Source: AHA Hospital Statistics, 20065, Health Forum LLC, an affiliate of the American Hospital Association

As indicated, the State's hospital industry's performance surpassed the national average in each of the past five years and the State's margin for the five-year period surpassed the national margin by 23.3%.

SECTION VI. TENNCARE PER CAPITA COST

Eligibility Classes

Per capita costs for the TennCare program vary based on eligibility category. There are eight logical categories within which the data needed to be summarized and rates calculated. Each of the group has different characteristics and represents a unique utilization pattern. Below is brief summary of the categories used:

TennCare Eligibility Classes	
Current	Disenrollment
Medically Needy	Over 20
Medicaid (TANF & Related)	None
Duals	None
Uninsured	Over 18
Disabled	None
Disabled Uninsured	Over 18
Disabled Uninsurable	Over 18
Waiver Duals	Over 18

The disenrollment group represents the expansion population no longer being covered under the proposed amendment. We received a listing of Social Security Numbers for these people, both currently disenrolled and targeted for disenrollment.

Aon has summarized per capita costs based on “current” groups participating under the program. We then project costs for each of the groups independently and multiply by projected enrollment levels to get both overall projected costs and overall projected per capita costs.

Demographic Groupings

In addition to eligibility category, the per capita costs also vary significantly based on demographic group. Age groupings are used for most eligibility categories where use of health care services varies by demographic grouping. The “Duals” and “Waiver Duals” categories are the only groups without an age breakout. Below is a summary of the demographic groups:

Age Groups	Gender Split
Under 1	Combined
01-13	Combined
14-18	Male/Female
19-20	Male/Female
21-44	Male/Female
45-64	Combined
65 and over	Combined

To develop medical fund targets or capitation rates, we combined the data for infants’ age 0-1 for the Medicaid, Uninsured, and Uninsurable / Medically Eligible categories, although the historical experience data for these rate cells is shown in this report. There are very few infants in the Uninsurable category, in particular, and we believe the data are not sufficiently stable to project a per capita cost for this population separately.

Base Year Cost and Utilization

Determination of Units

Encounter records were classified into the detailed service categories shown in the attached tables using combinations of diagnosis codes, procedure codes, revenue codes and claim type indicators. Hospital inpatient data was run through the HCFA grouper and assigned a DRG. Over 90% of the data grouped, which is very high considering not all providers are compensated in that manner. After grouping and categorizing the claims, they were further summarized into appropriate eligibility and demographic groups.

In this summarization process, unit counts were made for each service category. The following table details the types of units that were counted for each detailed service category. In the table, "Services" indicates the actual unit counts that were recorded on each claim. "Claims" or "Prescriptions" refers to a count of "1" for each claim record in the historical database. "Days" are used for inpatient units, and represent the inpatient length of stay, outlined below.

Determination of Service Units	
Major Service Group	Units Counted
Pharmacy	Prescriptions
Home Health Care	Claims
Inpatient	Days
Outpatient	Claims
Professional	Services
DME/Supplies	Claims
Lab	Services
Radiology	Services
Transportation	Claims

Data Adjustments and Anomalies

Below is a summary of the capitation payments added to the claims data by each participating MCO for the base period October 2004 through September 2005:

Capitation Payments Loaded To Baseline Data	
MCO	Amount
BCE (2 & 11)	\$ 4,066,822
Better Health Plans, Inc.	\$ 1,109,336
John Deere Health	\$ 1,750,944
TLC Family Care	\$ 11,909,280
OmniCare Health Plan, Inc.	\$ 7,449,359
Preferred Health Partnership of Tennessee, Inc.	\$ 1,204,728
TCS (4 & 11)	\$ 8,444,589
VHP	\$ 7,328,923
Total	\$ 43,263,981

The capitation amounts were added to the professional evaluation and management component only and spread evenly across all eligibility groups and demographic categories.

A final review was performed to ensure that the projected paid claims were consistent and balanced to the data reported by the MCOs. This resulted in an additional adjustment factor of 1.3%.

Third Party Liability and Participant Cost Sharing

The per capita costs shown here are inclusive of adjustments for Third Party Liability, with the exception of subrogation. We have assumed plans will continue to collect payments for Third Party Liability at levels similar to those observed during the data period.

Additional recoveries beyond those inherent in the data are not included in this report. Past reports indicate this amount to be approximately 1%.

Claims Completion and Trend Factors

Completion Factors

Using detailed claims data and triangular reports from the MFTs, Aon was able to calculate the outstanding incurred claims, the remaining IBNR. Since the run-out period was 3-months (October – December, 2005), the completion factors are very low. All MCO and BHO medical (excluding pharmacy & dental) have a total completion factor of less than 3%. Pharmacy data are complete and required no additional adjustment to the incurred claims.

Trend Factors

The baseline data covers claims incurred from October 2004 through September 2005. All the claims were adequately adjusted (see above) to reflect any outstanding Incurred But Not Reported (IBNR) claims to provide a “complete” baseline data set.

Current Period Trend

Trend rates are comprised of changes in cost per unit of service as well as changes in the volume of services used per person over time. Aon has examined the historical data for Fiscal Years 2003, 2004 and 2005. From this we were able to calculate combined utilization and cost trend rates using a simple regression methodology. Although most of the provider contracts are frozen, our trend rates recognize the impact of built in escalators (e.g., CPI adjustments, charge master increases, Medicare payment trends, etc.). There have also been some ad-hoc adjustments by the Bureau that have been taken into account.

Historical Trends

Since paid claims data was available through February 2006, Aon used the MFT and Invoice details to adjust the current trend assumptions. To do this Aon used the current period trends to project paid claims for the last 4-months of the fiscal year. From that forecast and the calculated completion factors discussed earlier, we are able to develop total incurred claims for Fiscal Year 2006 that more accurately reflect emerging experience. The overall trend for the historical period would then equal the change in per capita costs from the baseline data.

The Bureau is also anticipating a 2.5% across the board reimbursement increase effective July 1, 2006 for physical and mental health providers. The increase has not yet been approved by the legislature but is anticipated to pass and therefore included in our rate development. To adjust for this increase, the trend exhibit contains a specific component for the increase.

Below is a summary of the trend rates used in this actuarial projection:

Annual Trend Assumptions Summary By Service Category			
	Historical	Current	Provider Fee Increase July 1, 2006
Pharmacy	17.5%	18.0%	0.0%
MCO			
Home Health Care	4.0%	7.0%	2.5%
Inpatient Hospital	1.0%	5.0%	2.5%
Outpatient Hospital	3.0%	11.0%	2.5%
Professional	8.0%	7.0%	2.5%

Should there be any additional increases in costs per unit of service due to contractual negotiation, those additional costs will either need to be explicitly funded, or savings in utilization will be required to cover the additional costs.

Aon has reviewed the trends by eligibility and demographic groups. Factors were developed to accurately assess the impact of enrollment swings resulting from the disenrollment. Trends by service grouping, as detailed above, are believed to more accurately reflect a group specific trend.

Administrative Costs and Premium Taxes

The rates in our actuarial review use health plan encounter data as the baseline. In order to develop a total per capita cost, it is necessary to add an amount to cover health plan administration. Tennessee plans are also required to pay a 2% premium tax on their premium revenues. This applied to the MCOs and BHOs only. Because pharmacy claims are paid through a TPA arrangement, the premium tax does not apply to these services.

Aon received ASO fee schedules the medical administrators. The medical rates vary by vendor and volume. Pharmacy administrative costs were developed from estimated budgets from the TennCare Bureau. Rates in the following table are shown as a percent of total per capita costs.

Summary of MCO Per Capita Fees			
	ASO Fees -FY06	ASO Fees -FY07	Premium Tax
Medical	6.25%	6.25%	2.00%
Pharmacy	0.56%	0.56%	N/A

Per Capita Costs

The per capita costs are calculated based on the historical data shown in Exhibit 1. As discussed above (Data Adjustments and Anomalies) the data was adjusted to reflect missing elements and capitation amounts. The final baseline was checked against the MFT report, Invoices and the prior Actuarial Report. The adjusted data was determined to be consistent.

The steps used for calculating the per capita costs for Fiscal Year 2006 and 2007 are as follows:

1. Exhibit 1 provides the baseline data. The exhibit includes billed charges, paid expenditures, member months, units (as discussed earlier), utilization rates based on a “per 1,000” methodology, amount billed and paid per unit of service, and per member per month billed and paid.

The encounter data is summarized by the demographic and eligibility rate cells. As the data cells become smaller, the credibility of each specific cell decreases. This information is the starting point for the per capita cost calculation.

2. The results in Exhibit 1 are brought forward to Exhibit 4, which includes utilization rates per 1,000, paid expenditures per unit, paid expenditure PMPM and member months for each rate cell and service category. The trends used and factors applied are detailed in Exhibits 2 and Exhibit 3 respectively and are also brought into Exhibit 4.
3. The paid amounts are multiplied by any data adjustment factors (primarily IBNR factors for this analysis) to complete the data period claims. The historical trend factors are then applied to move the data to the mid-point of Fiscal Year 2006 (January 1, 2006). The current trend factors are applied to Fiscal Year 2006 to project the per capita costs for Fiscal Year 2007 (mid-point of January 1, 2007).
4. Administrative costs are added to calculate the per capita costs for FY 2006. Administrative loads are different for pharmacy (discussed earlier).

Resulting per capita costs are calculated in Exhibit 4 for each of the TennCare per capita cost cells. A weighted average value for the full fiscal year is shown in these exhibits.

Exhibit 5 summarizes the projected rates by major service category on a PMPM basis as well as a total budgeted amount. Exhibit 6 similarly summarizes all the rate cells by both PMPM and a total basis.

The per capita costs include adjustments for Third Party Liability and participant point-of-service cost sharing. We have assumed that plans will continue to collect Third Party Liability payments consistent with their experience during the data period.

Point-of-service cost sharing is currently required for some of those individuals who are in the Uninsured and Uninsurable eligibility categories. Most cost sharing applies only to those with an income above 100% of the federal poverty level. Current levels of cost sharing are reflected in the per capita costs.

Projected MCO per Capita Costs by Rate Group

Emerging FY 2006 experience indicates the previously calculated medical per capita costs were overstated by approximately 11.1%. This overstatement would be approximately 6.4% without the impact of the disenrollments. The bulk of the 6.4% variation is due to utilization being lower than projected. Other reasons for the deviation include causes such as demographic swings, enrollment shifts, etc. A detailed review of the variations is beyond the scope of this project.

With the pharmacy components added, but without considering the pharmacy benefit changes or disenrollments, the projected per capita costs were overstated by 4.5%. A slight reduction from the 6.4% mentioned above, indicating that inherent pharmacy trends were slightly higher than expected. Including the impact of the pharmacy changes, the overstatement is 21.1%. The disenrollments increase the overstatement to 26.6%. Current projections are significantly lower due to the Part D impact to dual eligible members as well the 40% reduction resulting from the hard limits last August.

The projected MCO per capita cost by Eligibility/Rate group are shown below:

MCO Per Capita Costs - Fiscal Year 2006						
Summary By Rate Group						
	Pharmacy Excluded		Before Benefit Adjustment *	Pharmacy Included		
	Before Enrollment Impact	After Enrollment Impact		Before Benefit/ Enrollment Impact	After Benefit/ Enrollment Impact	
Medically Needy	\$ 154.53	\$ 156.90	\$ 320.54	\$ 254.14	\$ 256.74	
Medicaid (TANF & Related)	\$ 146.57	\$ 144.56	\$ 206.37	\$ 182.45	\$ 180.44	
Duals	\$ 57.38	\$ 57.38	\$ 408.67	\$ 268.15	\$ 197.96	
Uninsured	\$ 65.01	\$ 65.05	\$ 123.50	\$ 100.11	\$ 100.15	
Disabled	\$ 457.65	\$ 457.22	\$ 745.92	\$ 630.61	\$ 630.16	
Waiver Duals	\$ 23.40	\$ 23.40	\$ 77.16	\$ 55.65	\$ 55.65	
Disenrolled	\$ 264.25	\$ 264.25	\$ 310.75	\$ 292.15	\$ 292.15	
All Eligibility Groups	\$ 183.23	\$ 174.01	\$ 324.06	\$ 267.73	\$ 249.07	
Prior Actuarial Estimate	\$ 195.72	\$ 195.72	\$ 339.20	\$ 339.20	\$ 339.20	
Difference	-6.4%	-11.1%	-4.5%	-21.1%	-26.6%	

* Impact of the hard dollar limits estimated to produce a 40% reduction in pharmacy claims costs

Medicare Modernization Act

Prior to January 1, 2006, TennCare paid this benefit with the Federal Government reimbursing TennCare for part of the costs. As a result of the Medicare Modernization Act (“MMA”), beginning January 1, 2006, Medicare will be responsible for paying prescription drug benefits for dual eligibles (“Duals”) with TennCare reimbursing Medicare for part of the costs, called the “clawback” amount. The premiums are expected to range between \$95 and \$110 per member per month for dual eligibles. Since final details of this payment are not available, Aon has not included these costs in our rate development. The liability for these benefits will need to be added to the per capita costs developed in this report.

Projected MCO Costs by Service Categories

Summary By Service Category - MCO All Eligibility Groups						
	Fiscal Year 2006		Fiscal Year 2007		% Change	
	Per Capita	Total*	Per Capita	Total**	Per Capita	Total
Pharmacy - Brand	\$ 55.03	\$ 833,069,308	\$ 51.56	\$ 758,551,483	-6.3%	-8.9%
Pharmacy - Generic	\$ 18.26	\$ 276,397,929	\$ 16.95	\$ 249,286,060	-7.2%	-9.8%
Pharmacy - Non-Drug	\$ 1.35	\$ 20,402,785	\$ 1.37	\$ 20,217,950	2.0%	-0.9%
Subtotal - Pharmacy	\$ 74.63	\$ 1,129,870,022	\$ 69.88	\$ 1,028,055,493	-6.4%	-9.0%
Home Health Care	\$ 3.17	\$ 47,807,918	\$ 3.51	\$ 51,449,091	10.8%	7.6%
IP - Maternity	\$ 4.60	\$ 69,434,265	\$ 5.10	\$ 74,778,574	10.8%	7.7%
IP - Newborn	\$ 7.53	\$ 113,490,295	\$ 8.34	\$ 122,171,970	10.8%	7.6%
IP - Medical	\$ 19.58	\$ 295,278,113	\$ 20.35	\$ 298,143,640	3.9%	1.0%
IP - Surgery	\$ 10.24	\$ 154,406,978	\$ 10.31	\$ 151,080,745	0.7%	-2.2%
IP - Other	\$ 4.05	\$ 61,045,827	\$ 4.22	\$ 61,863,273	4.3%	1.3%
Subtotal - InPatient	\$ 46.00	\$ 693,655,478	\$ 48.32	\$ 708,038,203	5.1%	2.1%
OP - Emergency Room	\$ 12.70	\$ 191,448,748	\$ 14.26	\$ 209,000,610	12.4%	9.2%
OP - Laboratory	\$ 1.34	\$ 20,240,442	\$ 1.47	\$ 21,571,941	9.7%	6.6%
OP - Radiology	\$ 4.26	\$ 64,264,869	\$ 4.49	\$ 65,736,615	5.3%	2.3%
OP - Surgery	\$ 12.62	\$ 190,362,214	\$ 13.58	\$ 199,056,688	7.6%	4.6%
OP - Other	\$ 11.85	\$ 178,677,891	\$ 13.37	\$ 195,936,984	12.9%	9.7%
Subtotal - OutPatient	\$ 42.77	\$ 644,994,164	\$ 47.18	\$ 691,302,838	10.3%	7.2%
Prof - Evaluation & Management	\$ 26.08	\$ 393,304,260	\$ 27.94	\$ 409,429,436	7.1%	4.1%
Prof - Maternity	\$ 3.27	\$ 49,290,029	\$ 3.69	\$ 54,063,924	12.9%	9.7%
Prof - Surgery	\$ 6.90	\$ 104,034,830	\$ 7.12	\$ 104,268,997	3.1%	0.2%
Prof - DME/Supplies	\$ 3.96	\$ 59,764,939	\$ 4.23	\$ 62,046,942	6.8%	3.8%
Prof - Lab	\$ 4.06	\$ 61,158,887	\$ 4.26	\$ 62,379,261	5.0%	2.0%
Prof - Radiology	\$ 5.20	\$ 78,479,693	\$ 5.35	\$ 78,350,094	2.7%	-0.2%
Prof - Transportation	\$ 3.43	\$ 51,738,539	\$ 3.75	\$ 54,965,432	9.3%	6.2%
Prof - Other	\$ 14.81	\$ 223,391,547	\$ 15.85	\$ 232,215,959	7.0%	4.0%
Subtotal - Professional	\$ 67.72	\$ 1,021,162,724	\$ 72.19	\$ 1,057,720,045	6.6%	3.6%
Subtotal - Non Pharmacy	\$ 159.66	\$ 2,407,620,284	\$ 171.20	\$ 2,508,510,176	7.2%	4.2%
Total	\$ 234.29	\$ 3,537,490,306	\$ 241.08	\$ 3,536,565,669	2.9%	0.0%
Subtotal Including Administration						
Pharmacy	\$ 75.05	\$ 1,136,232,926	\$ 70.28	\$ 1,033,845,025	-6.4%	-9.0%
Non-Pharmacy	\$ 174.01	\$ 2,624,109,301	\$ 186.59	\$ 2,734,071,037	7.2%	4.2%
Total	\$ 249.07	\$ 3,760,342,227	\$ 256.87	\$ 3,767,916,062	3.1%	0.2%

* Assumed average enrollment of 1,256,671 for FY 2006

** Assumed average enrollment of 1,221,059 for FY 2007

Enrollment numbers use actual enrollment through February 2006, with projections assuming 100% of those targeted for disenrolled are removed by March 2006. There was no growth assumption in the population for FY 2007.

Projected 2007 Per Capita Costs by Eligibility Group/Age/Sex

The appendices include a detailed breakdown of each rate cell by various demographic categories. Below is a brief summary of the projection by major age/sex categories.

Aid Category	Age Group	Fiscal Year 2007		
		Medical	Pharmacy	Total
Medicaid (TANF & Related)	Age Under 1	\$ 436.18	\$ 47.08	\$ 483.26
	Age 1 - 13	\$ 76.32	\$ 28.57	\$ 104.89
	Age 14 - 20 Female	\$ 182.99	\$ 36.18	\$ 219.17
	Age 14 - 20 Male	\$ 68.10	\$ 29.99	\$ 98.09
	Age 21 - 44 Female	\$ 296.01	\$ 72.88	\$ 368.89
	Age 21 - 44 Male	\$ 278.36	\$ 87.85	\$ 366.21
	Age 45 - 64	\$ 524.12	\$ 168.34	\$ 692.46
	Age 65+	\$ 268.36	\$ 234.43	\$ 502.80
	All Ages	\$ 158.11	\$ 44.28	\$ 202.38
Medically Needy	Age Under 1	\$ 254.58	\$ 107.34	\$ 361.92
	Age 1 - 13	\$ 72.49	\$ 31.03	\$ 103.52
	Age 14 - 20 Female	\$ 162.35	\$ 40.06	\$ 202.42
	Age 14 - 20 Male	\$ 99.64	\$ 25.41	\$ 125.05
	Age 21 - 44 Female	\$ 242.39	\$ 93.97	\$ 336.36
	Age 21 - 44 Male	\$ 212.57	\$ 91.18	\$ 303.75
	Age 45 - 64	\$ 326.95	\$ 296.45	\$ 623.39
	Age 65+	\$ 83.74	\$ 239.85	\$ 323.58
	All Ages	\$ 171.50	\$ 128.71	\$ 300.21
Uninsured/Uninsurable	Age Under 1	\$ 309.48	\$ 4.84	\$ 314.33
	Age 1 - 13	\$ 66.03	\$ 39.32	\$ 105.34
	Age 14 - 19 Female	\$ 92.94	\$ 40.24	\$ 133.18
	Age 14 - 19 Male	\$ 69.19	\$ 48.55	\$ 117.74
	All Ages	\$ 72.05	\$ 41.44	\$ 113.49
Disabled	Age <21	\$ 409.82	\$ 171.78	\$ 581.61
	Age 21+	\$ 533.65	\$ 239.02	\$ 772.67
	All Ages	\$ 497.61	\$ 219.45	\$ 717.06
Duals	All Ages	\$ 62.73	\$ -	\$ 62.73
Waiver Duals	All Ages	\$ 25.72	\$ 38.07	\$ 63.78
		\$ -	\$ -	\$ -
Disenrolled	All Ages	\$ 287.36	\$ 36.15	\$ 323.52
		\$ -	\$ -	\$ -
All Groups	All Ages	\$ 186.59	\$ 70.28	\$ 256.87

These demographic breaks are consistent with prior reports and national published data.

SECTION VII. TENNCARE PARTNERS PER CAPITA COST

Eligibility Classes

TennCare Partners provides coverage for all individuals who are eligible for the TennCare program, as well as some individuals who qualify under special rules, i.e., the State Only and Judicial eligibles. State Only eligibles are priority individuals whose Medicaid application is pending. Judicials are individuals who were involuntarily placed in an inpatient facility. Both of these groups are eligible only for TennCare Partners benefits and are not eligible to participate in the TennCare physical health program.

Per capita costs for the TennCare Partners program vary based on behavioral health severity level (SPMI/SED status), age and region. These rate cells were chosen because they reflect known differences in cost of behavioral health services. Rates do not vary by gender. This is consistent with the experience and prior rating classifications. Below is a summary of the age/gender groupings utilized:

Age Groups	Gender Split
Under 1	Combined
01-13	Combined
14-18	Combined
19-20	Combined
21 and over	Combined

Base Year Cost and Utilization

Aon obtained the following data from Advocare, the current behavioral health services provider, and from this data, selected base year data:

- UB92 inpatient and outpatient detailed encounter data with dates of payment from July 1, 2001 through December 31, 2005.
- HCFA 1500 professional detailed encounter data with dates of payment from July 1, 2001 through December 31, 2005;
- Utilization by provider and service type for services covered by grant payments, Community Mental Health Centers, Tennessee Christian Medical Center and Regional Mental Health Institutions from July 1, 2001 through December 31, 2005.
- Additionally, we received the BHO monthly Medical Loss Ratio reports that are submitted to the Department of Commerce and Insurance with payment information through February 2006.
- Eligibility data from October 1 2003 through December 31, 2005 by age group, priority status, and vendor/contract.

Beginning July 1, 2004, TennCare Partners entered into a full capitation agreement with TBH to provide mental health services to members in the East Region.

Determination of Units

Encounter records were classified into the detailed service categories shown in the attached tables using combinations of diagnosis codes, procedure codes, revenue codes and claim type indicators.

The following table details the types of units that were counted for each detailed service category. In the table, “Services” indicates the actual unit counts that were recorded on each claim. “Claims” or “Prescriptions” refers to a count of “1” for each claim record in the historical database. “Days” are used for inpatient units, and represent the inpatient length of stay, outlined below.

Determination of Service Units	
Major Service Group	Units Counted
Inpatient	Days
Outpatient	Claims
Case Rates	Claims
In-Home Services	Services
Supported Housing	Services
23 Hour	Services
IOP	Services
Partial Hospitalization	Services
Transportation	Claims

Data Adjustments and Anomalies

The Premier and TBH detailed encounter data sets provided relative cost and utilization by rate cell. However, the encounter data had to be supplemented with other data sources because many services are capitated or paid through other aggregated payment methods whose payment information is not available from the encounter data. The table below shows the payment amounts that were added to the encounter data by type of service. These amounts were reported as paid per the Premier Behavioral Systems, Inc. (Premier) and the Tennessee Behavioral Health, Inc Medical Loss Ratio reports. Some services were reported separately for children and adults, and were appropriately allocated to the encounter data within these demographic categories.

Additions to Encounter Data by Data Source October-2004 through September 2005			
	ADULT	CHILD	TOTAL
CMHC	\$ 97,354,454	\$ 39,398,804	\$ 136,753,258
RMHI	\$ 52,053,441	\$ 4,223,248	\$ 56,276,689
Grant Payments	\$ 25,690,472	\$ 10,387,549	\$ 36,078,020
TCMC	\$ 4,668,977	\$ 853,727	\$ 5,522,703
Total	\$ 179,767,344	\$ 54,863,327	\$ 234,630,671

Payments were allocated pro-rata in the following manner:

- RMHI – Regional Mental Health Institutions - hospital payments only apply to the priority population. Payments were allocated based upon private inpatient hospital spending by the SPMI population.
- CMHC – Community Mental Health Centers - payments were allocated to the rate cells based on utilization by rate cell.
- TCMC – Tennessee Christian Medical Center - payments were allocated to hospital payments based upon TCMC utilization by rate cell.
- Grant payments by rate cell were allocated to the rate cells based on utilization by rate cell.

Because the health plan financial experience appears to be the most accurate representation of actual expenditures, the statewide per capita costs were then adjusted to match the plan’s financial experience.

Claims Completion Factors and Trend Factors

The financial experience data included an estimate of Incurred But Not Reported (IBNR) claims. Therefore, no further calculation of a claims completion factor was necessary.

The application of healthcare trend adjustments to the base data are complicated by a variety of factors. The nature of the payments being projected is the combination of three separate components of the program. The first component is comprised of services that are capitated, thus providing little detail on the workings of the program over time. Community mental health center case rates are fully capitated, while transportation and outpatient services are partially capitated. The second component is comprised of grant payments and inpatient hospital – regional mental health institute payments where little detail is available. The third component is comprised of services for which data is available and benchmarks can be applied. Each of the three components represents a significant portion of the non-pharmacy portion of the program.

The existence of case rate payments, grants and other capitated services will moderate the utilization trend, as measured against other similar programs. Consequently, developed trend rate assumptions that vary by payment and service type. These are detailed in the following table.

BHO Trend Rates by Payment and Service Type			
	Historical Trend	Current Trend	Provider Fee Increase July 1, 2006
Inpatient (FFS)	5.0%	7.0%	2.5%
Inpatient (RMHI)	0.0%	0.0%	12.0%
Outpatient	5.0%	7.0%	2.5%
Case Rates	3.0%	3.0%	4.0%
Grants*	17.7%	4.3%	0.0%
In-Home Services	5.0%	7.0%	2.5%
Supported Housing	5.0%	7.0%	2.5%
23 Hour	5.0%	7.0%	2.5%
Intensive Outpatient	5.0%	7.0%	2.5%
Partial Hospitalization	5.0%	7.0%	2.5%
Transportation	5.0%	7.0%	2.5%
* Grants are a total budgeted amount resulting in implied trends that compensate for disenrollment reductions			

Below are the component current trends we utilized in our mental health projections with further details included in the attachments:

- Fees-for-service data was assumed to trend at an approximate overall rate of 7%. The Bureau is also anticipating a 2.5% across the board reimbursement increase effective July 1, 2006 for physical and mental health providers. The increase has not yet been approved by the legislature but is anticipated to pass and therefore included in our rate development. To adjust for this increase, the trend exhibit contains a specific component for the increase.
- Case rates are currently fixed and are assumed to increase at a utilization level of 3%. There is an additional 4% reimbursement increase anticipated by the Bureau effective July 1, 2006 that has been built into the rate development.

- The RMHI trend was assumed to be 0% since the TennCare Bureau and the Department of Mental Health and Developmental Disabilities are negotiating a capitation rate designed to have offsetting utilization and cost components. Current rate negotiations target an overall reimbursement increase of 12% effective July 1, 2006. This has been built into the rate development.
- Grant payments were set to increase 4.3% on a per member basis. Since Grants are capped at a total budgeted amount this was necessary to adjust for expected disenrollments. Grants are not assumed to have any increase in the TennCare budget in aggregate.

Administrative Costs

The per capita costs include a 9.66% administrative fee. Additionally, in Tennessee plans are required to pay a 2% premium tax on their premium revenues. An adjustment for this tax has also been made. Both are measured as a percent of total per capita costs.

Projected Fiscal Year 2006 Per Capita Costs

Beginning July 1, 2004, TennCare Partners entered into a risk contract with Tennessee Behavioral Health, Inc. for the East Tennessee region (TBH East) that pays capitation rates based on demographic group and priority status. The remainder of the state is funded on the basis of a fixed monthly budget. This budget is currently divided between payments for individuals who are classified as priority (SPMI/SED) and non-priority. The following table shows the original aggregate FY 2006 per capita costs for statewide BHO services and the projected aggregate FY 2006 per capita costs:

BHO Per Capita Costs - Fiscal Year 2006 Summary By Rate Group		
	Before Enrollment Impact	After Enrollment Impact
Priority	\$ 294.60	\$ 293.09
Non-Priority	\$ 5.88	\$ 5.70
Disenrolled	\$ 35.52	\$ 34.81
All Eligibility Groups	\$ 27.79	\$ 26.17
Prior Actuarial Estimate	\$ 27.89	\$ 27.89
Difference	-0.4%	-6.2%

The results show the prior projections to be overstated by 0.4%. This was due to subsequent experience being lower than anticipated and a corresponding lower trend assumption. When taking into account the disenrolled population, the prior results are 6.2% overstated. This is a result of a disproportionate share of Non-Priority members disenrolling from the program.

BHO Per Capita Costs – Fiscal Year 2007

BHO Per Capita Costs - Fiscal Year 2007 Summary By Rate Group	
Priority	\$ 318.38
Non-Priority	\$ 6.16
Disenrolled	\$ -
All Eligibility Groups	\$ 28.16
2006 Current Projection	\$ 26.17
Difference	7.6%

The FY 2007 per capita costs were developed using the current year trend rates shown above and includes a 9.66% administrative load and 2% premium tax. Grants were assumed to remain level in aggregate. Like the MCO rate development, the historical trend rates were used to develop the fiscal year 2006 numbers and reflect additional financial results in the MLR reports. Overall, TennCare would need a 7.6% increase over the FY 2006 rates.

Behavioral health drugs are paid on a fee-for-service basis. Fiscal Year 2006 expected per capita costs have been developed using encounter data provided by TennCare. The costs for these drugs can be found in the appendices for pharmacy.

The data received this year by the BHO was reconciled to the MLR reports. Aon was able to develop a further breakdown of the BHO expenditures by major service category. Below is a summary:

Summary By Service Category - BHO All Eligibility Groups						
	Fiscal Year 2006		Fiscal Year 2007		% Change	
	Per Capita	Total*	Per Capita	Total**	Per Capita	Total
Inpatient - FFS	\$ 4.67	\$ 70,774,238	\$ 5.10	\$ 75,072,976	9.2%	6.1%
Inpatient - RMHI	\$ 3.33	\$ 50,464,750	\$ 3.66	\$ 53,889,525	9.9%	6.8%
Inpatient - TCMC	\$ 0.35	\$ 5,260,711	\$ 0.37	\$ 5,475,186	7.1%	4.1%
Subtotal - Inpatient	\$ 8.35	\$ 126,499,698	\$ 9.14	\$ 134,437,686	9.4%	6.3%
OP - Non Methadone	\$ 1.31	\$ 19,860,029	\$ 1.41	\$ 20,693,878	7.2%	4.2%
OP - Methadone - FFS	\$ 0.00	\$ 46,699	\$ 0.00	\$ 50,517	11.3%	8.2%
OP - Methadone - Capitated	\$ 0.06	\$ 844,236	\$ 0.06	\$ 930,961	13.5%	10.3%
Subtotal - Outpatient	\$ 1.37	\$ 20,750,964	\$ 1.47	\$ 21,675,356	7.5%	4.5%
CMHC	\$ 8.56	\$ 129,621,657	\$ 9.11	\$ 133,979,958	6.4%	3.4%
Grant Payments	\$ 2.38	\$ 36,078,020	\$ 2.45	\$ 36,078,020	2.9%	0.0%
In-Home Services	\$ 0.56	\$ 8,454,867	\$ 0.63	\$ 9,328,746	13.5%	10.3%
Supported Housing	\$ 0.81	\$ 12,337,162	\$ 0.91	\$ 13,332,363	11.2%	8.1%
23 Hour	\$ 0.01	\$ 120,874	\$ 0.01	\$ 118,981	1.3%	-1.6%
IOP	\$ 0.33	\$ 4,921,163	\$ 0.35	\$ 5,147,231	7.6%	4.6%
Partial Hospitalization	\$ 0.03	\$ 381,151	\$ 0.03	\$ 392,275	5.9%	2.9%
Transportation - FFS	\$ 0.61	\$ 9,202,304	\$ 0.67	\$ 9,824,555	9.9%	6.8%
Transportation - CSA Cap	\$ 0.11	\$ 1,615,294	\$ 0.12	\$ 1,719,449	9.5%	6.4%
Subtotal - Transportation	\$ 0.71	\$ 10,817,597	\$ 0.78	\$ 11,544,004	9.8%	6.7%
Total	\$ 23.12	\$ 349,983,153	\$ 24.88	\$ 366,034,620	7.6%	4.6%
Administration	\$ 3.05	\$ 46,194,290	\$ 3.28	\$ 48,312,924	7.6%	4.6%
Grand Total	\$ 26.17	\$ 396,177,443	\$ 28.16	\$ 414,347,544	7.6%	4.6%

* Assumed average enrollment of 1,261,717 for FY 2006
** Assumed average enrollment of 1,226,046 for FY 2007

SECTION VIII. DENTAL PER CAPITA COST

Eligibility Classes

Dental per capita costs vary based on eligibility category. There are six logical categories within which the data needed to be summarized and rates calculated. Each of the group has different characteristics and represents a unique utilization pattern. Below is brief summary of the categories used:

TennCare Eligibility Classes	
Current	Disenrollment
Medically Needy	Over 20
Medicaid (TANF & Related)	Over 20
Duals	Over 20
Uninsured	Over 20
Disabled	Over 20
Waiver Duals	None

The disenrollment group represents the population no longer being covered under the amendment. We received a listing of Social Security Numbers for these people, both currently disenrolled and targeted for disenrollment.

Aon has summarized per capita costs based on “current” groups participating under the program. We then project costs for each of the groups independently and multiply by projected enrollment levels to get both overall projected costs and overall projected per capita costs.

Demographic Groupings

In addition to eligibility category, the per capita costs also vary significantly based on demographic group. Age groupings are used for most eligibility categories where use of health care services varies by demographic grouping. Below is a summary of the demographic groups:

Age Groups	Gender Split
Under 14	Combined
14-20	Male/Female
21 and over	Combined

Base Year Cost and Utilization

Determination of Units

Encounter records were classified into the detailed service categories shown in the attached tables using combinations of diagnosis codes, procedure codes, revenue codes and claim type indicators. After grouping and categorizing the claims, they were further summarized into appropriate eligibility and demographic groups.

In this summarization process, unit counts were made for each service category. “Services” indicates the actual unit counts that were recorded on each claim. All units in the dental encounter data were tabulated based on number of services rendered on each claim record.

Determination of Service Units	
Major Service Group	Units Counted
Diagnostic	Services
Preventive	Services
Restorative	Services
Endodontics	Services
Oral Surgery	Services
Orthodontics	Services
Other	Services

Data Adjustments and Anomalies

A review was performed to ensure that the projected paid claims were consistent and balanced to the data reported by the TennCare. The review showed the data to be satisfactory and no adjustments were required.

Third Party Liability and Participant Cost Sharing

The per capita costs shown here are inclusive of adjustments for Third Party Liability, with the exception of subrogation. We have assumed plans will continue to collect payments for Third Party Liability at levels similar to those observed during the data period.

Claims Completion and Trend Factors

Completion Factors

Dental data are complete and required no additional adjustment to the incurred claims.

Trend Factors

The baseline data covers claims incurred from October 2004 through September 2005.

Current Period Trend

Trend rates are comprised of changes in cost per unit of service as well as changes in the volume of services used per person over time. Aon has examined the historical data for Fiscal Years 2003, 2004 and 2005. From this we were able to calculate combined utilization and cost trend rates using a simple regression methodology. Our trend rates recognize the impact of escalators built into provider contracts (e.g., CPI adjustments, charge master increases, Medicare payment trends, etc.). These provide the basis for the current trends.

Historical Trends

Since paid claims data was available through February 2006, Aon used the Invoice details to adjust the current trend assumptions. To do this Aon used the current period trends to project paid claims for the last 4-months of the fiscal year. From that forecast, we are able to develop total incurred claims for Fiscal Year 2006 that more accurately reflect emerging experience. The overall trend for the historical period would then equal the change in per capita costs from the baseline data.

Due to the disenrollment of all ages over 20, the trend from FY 2007 (4.0%) is anticipated to be higher than the historical trend (2.0%).

Should there be any additional increases in costs per unit of service due to contractual negotiation, those additional costs will either need to be explicitly funded, or savings in utilization will be required to cover the additional costs.

Aon has reviewed the trends by eligibility and demographic groups. Factors were developed to accurately access the impact of enrollment swings resulting from the disenrollment.

Administrative Costs

The rates in our actuarial review use dental plan encounter data as the baseline. In order to develop a total per capita cost, it is necessary to add an amount to cover dental plan administration. Since the dental plan self-funded, it is not subject to the 2.0% Tennessee premium tax.

Aon received ASO fee schedules for the dental administrators and varied by age only. Administrative costs, as a percent of total per capita costs, are expected to be 4.00% for FY 2006 and 3.25% for FY 2007.

Per Capita Costs

The per capita costs are calculated based on the historical data shown in Exhibit 11. This data serves as the baseline costs and was checked against the Invoices and the prior Actuarial Report. The data was determined to be consistent.

The steps used for calculating the per capita costs for Fiscal Year 2006 and 2007 are as follows:

1. Exhibit 11 provides the baseline data. The exhibit includes billed charges, paid expenditures, member months, units (as discussed earlier), utilization rates based on a "per 1,000" methodology, amount billed and paid per unit of service, and per member per month billed and paid.

The encounter data is summarized by the demographic and eligibility rate cells. As the data cells become smaller, the credibility of each specific cell decreases. This information is the starting point for the per capita cost calculation.

2. The results in Exhibit 11 are brought forward to Exhibit 12, which includes utilization rates per 1,000, paid expenditures per unit, paid expenditure PMPM and member months for each rate cell and service category. The trends used and factors applied are detailed in Exhibits 2 and Exhibit 3 respectively and are also brought into Exhibit 12.
3. The historical trend factors are then applied to move the data to the mid-point of Fiscal Year 2006 (January 1, 2006). The current trend factor is applied to Fiscal Year 2006 to project the per capita costs for Fiscal Year 2007 (mid-point of January 1, 2007).
4. Administrative costs are added to calculate the per capita costs for FY 2006 and FY 2007.

Resulting per capita costs are calculated in Exhibit 12 for each of the per capita cost cells. A weighted average value for the full fiscal year is shown in these exhibits.

Exhibit 13 summarizes the projected rates by major service category on a PMPM basis as well as a total budgeted amount. Exhibit 14 similarly summarizes all the rate cells by both PMPM and a total basis.

The per capita costs include adjustments for Third Party Liability and any participant point-of-service cost sharing. We have assumed that plans will continue to collect Third Party Liability payments consistent with their experience during the data period. Current levels of any cost sharing are reflected in the per capita costs.

Projected MCO per Capita Costs by Rate Group

Emerging FY 2006 experience indicates the previously calculated medical per capita costs were overstated by approximately 3.4%. This overstatement would be approximately 12.5% without the impact of the disenrollments. The bulk of the 12.5% variation is due to utilization being lower than projected. An increase results from the disenrollment of virtually all members over age 20. Other reasons for the deviation include causes such as demographic swings, enrollment shifts, etc. A detailed review of the variations is beyond the scope of this project.

The projected Dental per capita cost by Eligibility/Rate group are shown below:

Dental Per Capita Costs - Fiscal Year 2006				
Summary By Rate Group				
	Before		After	
	Enrollment Impact		Enrollment Impact	
Medically Needy	\$	21.20	\$	21.34
Medicaid (TANF & Related)	\$	12.00	\$	12.19
Duals	\$	0.06	\$	0.06
Uninsured	\$	21.20	\$	21.34
Disabled	\$	4.66	\$	4.73
Waiver Duals	\$	0.00	\$	0.00
Disenrolled	\$	0.66	\$	0.52
All Eligibility Groups	\$	8.18	\$	9.03
Prior Actuarial Estimate	\$	9.35	\$	9.35
Difference		-12.5%		-3.4%

Projected Dental Costs by Service Categories

Summary By Service Category - Dental						
All Eligibility Groups						
	Fiscal Year 2007		Fiscal Year 2006		% Change	
	Per Capita	Total*	Per Capita	Total**	Per Capita	Total
Diagnostic	\$ 1.37	\$ 20,145,029	\$ 1.28	\$ 19,375,890	7.0%	4.0%
Preventive	\$ 1.42	\$ 20,786,245	\$ 1.32	\$ 19,954,481	7.2%	4.2%
Restorative	\$ 3.26	\$ 47,802,371	\$ 3.06	\$ 46,206,544	6.5%	3.5%
Endodontics	\$ 0.79	\$ 11,503,699	\$ 0.74	\$ 11,155,295	6.1%	3.1%
Oral Surgery	\$ 0.91	\$ 13,294,360	\$ 0.87	\$ 13,066,378	4.7%	1.7%
Orthodontics	\$ 1.07	\$ 15,751,431	\$ 1.00	\$ 15,125,776	7.2%	4.1%
Other	\$ 0.41	\$ 6,009,381	\$ 0.39	\$ 5,878,758	5.2%	2.2%
Total	\$ 9.54	\$ 139,837,226	\$ 9.03	\$ 136,211,586	5.7%	2.7%
* Assumed average enrollment of 1,221,059 for FY 2007						
**Assumed average enrollment of 1,256,671 for FY 2006						

Enrollment numbers use actual enrollment through February 2006, with projections assuming 100% of those targeted for disenrolled are removed by March 2006. There was no growth assumption in the population for FY 2007.

Projected 2007 per Capita Costs by Eligibility Group/Age/Sex

The appendices include a detailed breakdown of each rate cell by various demographic categories. Below is a brief summary of the projection by major age/sex categories.

Aid Category	Age Group	FY 2007 PMPM
Medicaid (TANF & Related)	Age Under 14	\$ 12.92
	Ages 14 - 20 : Female	\$ 31.00
	Ages 14 - 20 : Male	\$ 25.86
	All Ages	\$ 12.53
Medically Needy	Age Under 14	\$ 17.59
	Ages 14 - 20 : Female	\$ 36.52
	Ages 14 - 20 : Male	\$ 26.81
	All Ages	\$ 9.16
Uninsured/Uninsurable	Age Under 14	\$ 17.33
	Ages 14 - 20 : Female	\$ 33.22
	Ages 14 - 20 : Male	\$ 24.78
	All Ages	\$ 22.04
Disabled	Age Under 14	\$ 12.63
	Ages 14 - 20 : Female	\$ 23.69
	Ages 14 - 20 : Male	\$ 19.76
	All Ages	\$ 4.82
Duals	Age Under 14	\$ 12.71
	Ages 14 - 20 : Female	\$ 31.00
	Ages 14 - 20 : Male	\$ 31.45
	All Ages	\$ 0.04
Waiver Duals	Age Under 14	\$ -
	Ages 14 - 20 : Female	\$ -
	Ages 14 - 20 : Male	\$ -
	All Ages	\$ -
All Groups	All Ages	\$ 9.54

These demographic breaks are consistent with prior reports and national published data.

EXHIBITS

Managed Care Organizations (MCO)

- Exhibit 1 – Historical Encounter Data
- Exhibit 2 – Trend Assumptions
- Exhibit 3 – Data Completion Factors and Benefit Adjustments
- Exhibit 4 – Development of Statewide Per Capita Costs
- Exhibit 5 – Total TennCare Medical Budget Amount
- Exhibit 6 – TennCare Medical Rate and Budget Summary

Pharmacy Benefit

- Exhibit 7 – Pharmacy Historical Encounter Data – MCO & BHO
- Exhibit 8 – Development of Pharmacy Statewide Per Capita Costs
- Exhibit 9 – Total Pharmacy Budget Amount
- Exhibit 10 – Pharmacy Rate and Budget Summary

Dental Benefit

- Exhibit 11 – Dental Historical Encounter Data
- Exhibit 12 – Development of Dental Statewide Per Capita Costs
- Exhibit 13 – Total Dental Budget Amount
- Exhibit 14 – Dental Rate and Budget Summary

Behavioral Health Organizations (BHO)

- Exhibit 15 – BHO Priority Statewide Per Capita Costs
- Exhibit 16 – BHO Non-Priority Statewide Per Capita Costs
- Exhibit 17 – BHO Disenrolled Members Statewide Per Capita Costs
- Exhibit 18 – BHO Total Statewide Per Capita Costs
- Exhibit 19 – Trend Assumptions
- Exhibit 20 – Data Completion Factors and Benefit Adjustments
- Exhibit 21 – Total TennCare Partners BHO Budget Amount
- Exhibit 22 – TennCare Partners BHO Rate and Budget Summary

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Total For All Aid Categories All Ages							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	16,050,953						
Home Health Care	57,524,438	46,876,969	52,268	39	1,100.58	896.87	2.92
IP - Maternity	220,789,470	64,547,701	81,803	61	2,699.03	789.06	4.02
IP - Newborn	245,329,480	102,911,582	113,285	85	2,165.60	908.43	6.41
IP - Medical	1,241,383,102	319,348,514	470,209	352	2,640.07	679.16	19.90
IP - Surgery	777,509,531	180,705,788	127,220	95	6,111.52	1,420.42	11.26
IP - Other	115,129,273	65,405,970	30,572	23	3,765.82	2,139.39	4.07
Subtotal - Inpatient	2,600,140,856	732,919,554	823,089	615	3,159.00	890.45	45.66
OP - Emergency Room	815,473,452	199,271,544	1,000,863	748	814.77	199.10	12.41
OP - Laboratory	71,597,676	22,175,725	1,019,236	762	70.25	21.76	1.38
OP - Radiology	324,296,888	77,697,461	818,168	612	396.37	94.97	4.84
OP - Surgery	820,838,605	222,020,656	221,199	165	3,710.86	1,003.71	13.83
OP - Other	328,125,937	184,804,202	519,439	388	631.69	355.78	11.51
Subtotal - Outpatient	2,360,332,559	705,969,588	3,578,905	2,676	659.51	197.26	43.98
Prof - Evaluation & Management	952,792,082	407,183,639	7,645,899	5,716	124.61	53.26	25.37
Prof - Maternity	104,304,110	44,482,784	75,195	56	1,387.12	591.57	2.77
Prof - Surgery	417,213,003	121,938,658	754,100	564	553.26	161.70	7.60
Prof - DME/Supplies	107,856,913	64,469,987	349,250	261	308.82	184.60	4.02
Prof - Lab	195,122,614	66,115,251	4,742,820	3,546	41.14	13.94	4.12
Prof - Radiology	299,748,550	89,280,861	2,039,842	1,525	146.95	43.77	5.56
Prof - Transportation	108,139,425	52,399,571	825,335	617	131.02	63.49	3.26
Prof - Other	633,872,362	239,786,955	31,030,972	23,199	20.43	7.73	14.94
Subtotal - Professional	2,819,049,060	1,085,657,705	47,463,413	35,485	59.39	22.87	67.64
Total	\$ 7,837,046,913	\$ 2,571,423,817					\$ 160.20

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medicaid (TANF & Related)							
All Ages							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	7,849,082						
Home Health Care	3,815,813	2,755,797	7,961	12	479.33	346.17	0.35
IP - Maternity	188,259,002	55,395,921	70,380	108	2,674.88	787.09	7.06
IP - Newborn	188,837,171	79,879,992	93,190	142	2,026.37	857.18	10.18
IP - Medical	337,825,308	86,724,079	112,795	172	2,995.05	768.87	11.05
IP - Surgery	206,629,228	49,142,676	36,203	55	5,707.54	1,357.43	6.26
IP - Other	36,515,558	24,886,361	5,434	8	6,719.81	4,579.73	3.17
Subtotal - Inpatient	958,066,267	296,029,028	318,002	486	3,012.77	930.90	37.72
OP - Emergency Room	397,779,457	105,165,295	570,003	871	697.85	184.50	13.40
OP - Laboratory	27,231,339	9,018,646	390,339	597	69.76	23.10	1.15
OP - Radiology	101,155,268	24,903,681	277,196	424	364.92	89.84	3.17
OP - Surgery	284,895,341	80,513,340	86,497	132	3,293.69	930.82	10.26
OP - Other	72,002,208	36,207,297	197,966	303	363.71	182.90	4.61
Subtotal - Outpatient	883,063,613	255,808,258	1,522,002	2,327	580.20	168.07	32.59
Prof - Evaluation & Management	470,660,907	204,223,448	3,739,526	5,717	125.86	54.61	26.02
Prof - Maternity	90,062,888	38,432,338	64,329	98	1,400.04	597.44	4.90
Prof - Surgery	142,097,165	41,443,624	290,550	444	489.06	142.64	5.28
Prof - DME/Supplies	18,235,170	11,190,747	75,262	115	242.29	148.69	1.43
Prof - Lab	91,488,489	31,510,759	2,318,132	3,544	39.47	13.59	4.01
Prof - Radiology	110,341,373	33,421,838	799,475	1,222	138.02	41.80	4.26
Prof - Transportation	28,539,902	10,661,774	123,952	190	230.25	86.02	1.36
Prof - Other	219,577,934	80,010,445	5,444,340	8,324	40.33	14.70	10.19
Subtotal - Professional	1,171,003,828	450,894,972	12,855,566	19,654	91.09	35.07	57.45
Total	\$ 3,015,949,521	\$ 1,005,488,055					\$ 128.10

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Medicaid (TANF & Related) Age Under 1							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	242,916						
Home Health Care	173,889	118,910	624	31	278.76	190.62	0.49
IP - Maternity	160,569	58,178	69	3	2,333.40	845.44	0.24
IP - Newborn	88,868,214	35,351,203	32,337	1,597	2,748.18	1,093.21	145.53
IP - Medical	22,489,215	8,825,482	9,221	456	2,438.86	957.09	36.33
IP - Surgery	16,165,207	4,822,406	3,215	159	5,027.82	1,499.90	19.85
IP - Other	4,406,695	4,787,002	1,337	66	3,296.72	3,581.24	19.71
Subtotal - Inpatient	132,089,902	53,844,271	46,179	2,281	2,860.39	1,165.99	221.66
OP - Emergency Room	10,586,980	3,661,441	20,343	1,005	520.43	179.99	15.07
OP - Laboratory	709,043	224,214	11,224	554	63.17	19.98	0.92
OP - Radiology	1,731,798	524,371	8,674	429	199.64	60.45	2.16
OP - Surgery	3,815,505	1,395,599	1,592	79	2,397.03	876.76	5.75
OP - Other	1,834,920	912,224	5,608	277	327.22	162.68	3.76
Subtotal - Outpatient	18,678,246	6,717,849	47,440	2,344	393.72	141.61	27.65
Prof - Evaluation & Management	40,014,674	17,130,664	262,311	12,958	152.55	65.31	70.52
Prof - Maternity	15,687	6,607	7	0	2,221.24	935.51	0.03
Prof - Surgery	5,056,271	1,576,212	9,839	486	513.88	160.19	6.49
Prof - DME/Supplies	1,251,059	760,453	5,093	252	245.62	149.30	3.13
Prof - Lab	795,735	251,455	22,804	1,127	34.89	11.03	1.04
Prof - Radiology	1,468,157	385,225	23,566	1,164	62.30	16.35	1.59
Prof - Transportation	1,351,193	442,892	2,445	121	552.68	181.16	1.82
Prof - Other	11,436,641	4,410,747	407,686	20,140	28.05	10.82	18.16
Subtotal - Professional	61,389,418	24,964,256	733,752	36,247	83.67	34.02	102.77
Total	\$ 212,331,455	\$ 85,645,286					\$ 352.57

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medicaid (TANF & Related)							
Age 1 - 13							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	4,191,136						
Home Health Care	1,556,146	1,231,904	3,500	10	444.61	351.97	0.29
IP - Maternity	176,128	64,237	79	0	2,236.03	815.52	0.02
IP - Newborn	20,791,638	9,219,922	10,896	31	1,908.17	846.17	2.20
IP - Medical	54,732,086	16,624,427	23,196	66	2,359.53	716.69	3.97
IP - Surgery	23,291,806	5,455,125	4,625	13	5,035.59	1,179.37	1.30
IP - Other	4,826,044	2,688,964	1,167	3	4,135.00	2,303.93	0.64
Subtotal - Inpatient	103,817,701	34,052,674	39,964	114	2,597.80	852.09	8.12
OP - Emergency Room	124,474,373	40,387,933	243,374	697	511.45	165.95	9.64
OP - Laboratory	6,774,406	2,322,347	109,848	315	61.67	21.14	0.55
OP - Radiology	14,541,227	4,338,263	59,976	172	242.45	72.33	1.04
OP - Surgery	78,293,491	27,099,527	26,377	76	2,968.24	1,027.39	6.47
OP - Other	20,617,868	11,349,241	79,676	228	258.77	142.44	2.71
Subtotal - Outpatient	244,701,364	85,497,310	519,250	1,487	471.26	164.66	20.40
Prof - Evaluation & Management	174,106,610	81,454,128	1,588,663	4,549	109.59	51.27	19.43
Prof - Maternity	40,174	16,645	29	0	1,372.31	568.58	0.00
Prof - Surgery	30,922,103	9,146,377	95,248	273	324.65	96.03	2.18
Prof - DME/Supplies	4,370,778	2,828,162	22,989	66	190.13	123.02	0.67
Prof - Lab	15,588,293	5,437,490	561,149	1,607	27.78	9.69	1.30
Prof - Radiology	11,490,547	3,096,909	162,744	466	70.61	19.03	0.74
Prof - Transportation	6,118,739	2,358,792	26,472	76	231.14	89.11	0.56
Prof - Other	61,251,335	26,618,888	2,214,069	6,339	27.66	12.02	6.35
Subtotal - Professional	303,888,579	130,957,391	4,671,363	13,375	65.05	28.03	31.25
Total	\$ 653,963,791	\$ 251,739,279					\$ 60.06

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medicaid (TANF & Related)							
Age 14 - 20 Female							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	764,637						
Home Health Care	113,942	57,783	250	4	455.07	230.78	0.08
IP - Maternity	50,509,060	14,754,012	19,866	312	2,542.54	742.69	19.30
IP - Newborn	22,755,939	9,961,911	13,813	217	1,647.37	721.17	13.03
IP - Medical	22,319,275	5,607,092	7,597	119	2,937.92	738.07	7.33
IP - Surgery	11,349,027	2,759,284	2,524	40	4,496.34	1,093.19	3.61
IP - Other	3,492,345	1,922,327	313	5	11,144.12	6,134.17	2.51
Subtotal - Inpatient	110,425,646	35,004,626	44,114	692	2,503.22	793.51	45.78
OP - Emergency Room	45,950,307	11,400,785	59,175	929	776.51	192.66	14.91
OP - Laboratory	3,530,680	1,176,923	51,000	800	69.23	23.08	1.54
OP - Radiology	8,919,790	2,101,217	24,654	387	361.80	85.23	2.75
OP - Surgery	19,693,676	5,096,879	8,408	132	2,342.38	606.23	6.67
OP - Other	6,656,620	3,332,965	18,914	297	351.93	176.21	4.36
Subtotal - Outpatient	84,751,073	23,108,769	162,151	2,545	522.67	142.51	30.22
Prof - Evaluation & Management	47,147,555	20,131,363	355,500	5,579	132.62	56.63	26.33
Prof - Maternity	24,001,932	10,360,725	16,759	263	1,432.20	618.23	13.55
Prof - Surgery	9,230,171	2,820,957	23,654	371	390.22	119.26	3.69
Prof - DME/Supplies	658,692	426,884	2,973	47	221.58	143.60	0.56
Prof - Lab	15,677,966	5,701,954	396,333	6,220	39.56	14.39	7.46
Prof - Radiology	13,638,814	4,348,275	89,311	1,402	152.71	48.69	5.69
Prof - Transportation	3,418,532	1,183,964	13,838	217	247.04	85.56	1.55
Prof - Other	22,432,669	8,073,770	415,188	6,516	54.03	19.45	10.56
Subtotal - Professional	136,206,333	53,047,893	1,313,555	20,615	103.69	40.38	69.38
Total	\$ 331,496,995	\$ 111,219,069					\$ 145.45

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Medicaid (TANF & Related) Age 14 - 20 Male							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	609,277						
Home Health Care	70,985	44,055	214	4	331.51	205.74	0.07
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	1,108	6,030	5	0	219.76	1,195.52	0.01
IP - Medical	12,137,500	2,950,845	2,972	59	4,084.31	992.97	4.84
IP - Surgery	11,958,830	2,085,547	1,320	26	9,062.83	1,580.50	3.42
IP - Other	1,409,444	621,528	139	3	10,135.04	4,469.29	1.02
Subtotal - Inpatient	25,506,882	5,663,950	4,435	87	5,750.76	1,276.99	9.30
OP - Emergency Room	21,373,592	5,419,131	28,573	563	748.04	189.66	8.89
OP - Laboratory	882,210	266,922	11,789	232	74.83	22.64	0.44
OP - Radiology	4,594,493	1,160,123	11,534	227	398.34	100.58	1.90
OP - Surgery	10,338,994	2,770,547	2,646	52	3,908.00	1,047.23	4.55
OP - Other	2,740,716	1,274,109	5,934	117	461.83	214.70	2.09
Subtotal - Outpatient	39,930,006	10,890,832	60,476	1,191	660.26	180.08	17.88
Prof - Evaluation & Management	18,108,838	7,892,000	147,095	2,897	123.11	53.65	12.95
Prof - Maternity	5,261	2,039	2	0	2,610.44	1,011.66	0.00
Prof - Surgery	6,811,079	1,965,645	15,058	297	452.31	130.54	3.23
Prof - DME/Supplies	680,869	454,245	3,074	61	221.50	147.77	0.75
Prof - Lab	2,078,091	730,553	65,996	1,300	31.49	11.07	1.20
Prof - Radiology	3,940,177	1,067,579	43,315	853	90.97	24.65	1.75
Prof - Transportation	1,969,248	683,631	6,559	129	300.22	104.22	1.12
Prof - Other	7,509,053	3,321,196	260,200	5,125	28.86	12.76	5.45
Subtotal - Professional	41,102,616	16,116,889	541,300	10,661	75.93	29.77	26.45
Total	\$ 106,610,489	\$ 32,715,725					\$ 53.70

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medicaid (TANF & Related)							
Age 21 - 44 Female							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	1,602,425						
Home Health Care	725,584	462,600	1,537	12	471.96	300.90	0.29
IP - Maternity	137,303,178	40,489,602	50,327	377	2,728.24	804.54	25.27
IP - Newborn	56,302,857	25,244,686	36,001	270	1,563.90	701.21	15.75
IP - Medical	115,456,186	28,155,389	36,371	272	3,174.44	774.13	17.57
IP - Surgery	67,217,536	16,197,810	12,886	97	5,216.25	1,256.99	10.11
IP - Other	10,933,910	7,792,861	898	7	12,178.38	8,679.82	4.86
Subtotal - Inpatient	387,213,667	117,880,348	136,483	1,022	2,837.09	863.70	73.56
OP - Emergency Room	157,447,858	35,923,567	182,037	1,363	864.92	197.34	22.42
OP - Laboratory	11,799,962	3,974,506	162,758	1,219	72.50	24.42	2.48
OP - Radiology	45,977,985	10,587,209	116,013	869	396.32	91.26	6.61
OP - Surgery	119,318,206	30,250,844	35,001	262	3,409.02	864.29	18.88
OP - Other	24,269,810	12,528,562	66,074	495	367.31	189.61	7.82
Subtotal - Outpatient	358,813,821	93,264,688	561,883	4,208	638.59	165.99	58.20
Prof - Evaluation & Management	149,622,055	60,057,893	1,065,964	7,983	140.36	56.34	37.48
Prof - Maternity	65,926,334	28,017,927	47,474	356	1,388.68	590.17	17.48
Prof - Surgery	59,742,357	17,095,387	101,038	757	591.29	169.20	10.67
Prof - DME/Supplies	5,203,930	3,123,051	19,720	148	263.89	158.37	1.95
Prof - Lab	48,565,600	16,591,813	1,080,941	8,095	44.93	15.35	10.35
Prof - Radiology	58,496,304	18,219,127	353,557	2,648	165.45	51.53	11.37
Prof - Transportation	10,488,838	3,744,526	45,102	338	232.56	83.02	2.34
Prof - Other	76,277,338	22,855,034	1,253,702	9,389	60.84	18.23	14.26
Subtotal - Professional	474,322,756	169,704,758	3,967,498	29,711	119.55	42.77	105.90
Total	\$ 1,221,075,828	\$ 381,312,395					\$ 237.96

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Medicaid (TANF & Related) Age 21 - 44 Male							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	182,166						
Home Health Care	165,794	87,563	433	29	383.12	202.34	0.48
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	67,850	34,852	68	4	1,000.01	513.67	0.19
IP - Medical	30,737,164	7,177,586	7,619	502	4,034.36	942.08	39.40
IP - Surgery	23,918,393	6,238,843	3,457	228	6,919.54	1,804.88	34.25
IP - Other	3,321,964	2,259,402	280	18	11,875.35	8,076.91	12.40
Subtotal - Inpatient	58,045,372	15,710,683	11,423	752	5,081.41	1,375.35	86.24
OP - Emergency Room	18,086,987	3,790,429	20,119	1,325	899.02	188.40	20.81
OP - Laboratory	861,172	241,394	11,376	749	75.70	21.22	1.33
OP - Radiology	6,280,097	1,487,866	11,122	733	564.66	133.78	8.17
OP - Surgery	14,805,216	3,621,398	3,335	220	4,438.87	1,085.76	19.88
OP - Other	3,952,729	1,586,385	5,818	383	679.37	272.66	8.71
Subtotal - Outpatient	43,986,201	10,727,471	51,770	3,410	849.64	207.21	58.89
Prof - Evaluation & Management	14,196,159	5,576,382	101,027	6,655	140.52	55.20	30.61
Prof - Maternity	28,845	10,641	15	1	1,906.79	703.42	0.06
Prof - Surgery	9,176,918	2,566,108	13,740	905	667.88	186.76	14.09
Prof - DME/Supplies	1,690,715	1,015,620	5,041	332	335.39	201.47	5.58
Prof - Lab	1,863,890	620,982	44,410	2,925	41.97	13.98	3.41
Prof - Radiology	5,615,729	1,624,908	38,711	2,550	145.07	41.97	8.92
Prof - Transportation	1,859,115	632,341	6,009	396	309.37	105.23	3.47
Prof - Other	7,733,532	2,551,482	221,025	14,560	34.99	11.54	14.01
Subtotal - Professional	42,164,902	14,598,464	429,979	28,324	98.06	33.95	80.14
Total	\$ 144,362,270	\$ 41,124,181					\$ 225.75

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medicaid (TANF & Related)							
Age 45 - 64							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	223,115						
Home Health Care	698,706	466,642	1,209	65	578.05	386.06	2.09
IP - Maternity	110,066	29,891	40	2	2,727.24	740.65	0.13
IP - Newborn	45,777	20,918	38	2	1,191.65	544.54	0.09
IP - Medical	73,910,125	15,554,123	21,418	1,152	3,450.88	726.23	69.71
IP - Surgery	50,034,771	11,003,874	7,691	414	6,505.34	1,430.68	49.32
IP - Other	7,336,415	4,183,559	1,001	54	7,328.42	4,179.00	18.75
Subtotal - Inpatient	131,437,154	30,792,366	30,189	1,624	4,353.82	1,019.99	138.01
OP - Emergency Room	19,182,497	4,425,043	15,914	856	1,205.39	278.06	19.83
OP - Laboratory	2,481,206	744,022	29,526	1,588	84.03	25.20	3.33
OP - Radiology	18,277,880	4,526,223	43,012	2,313	424.95	105.23	20.29
OP - Surgery	37,154,168	9,772,865	8,644	465	4,298.02	1,130.53	43.80
OP - Other	10,563,965	4,428,194	14,702	791	718.52	301.19	19.85
Subtotal - Outpatient	87,659,715	23,896,347	111,799	6,013	784.08	213.74	107.10
Prof - Evaluation & Management	26,020,009	11,350,826	206,990	11,133	125.71	54.84	50.87
Prof - Maternity	44,527	17,627	41	2	1,076.99	426.36	0.08
Prof - Surgery	20,362,068	6,031,977	30,571	1,644	666.05	197.31	27.04
Prof - DME/Supplies	4,158,716	2,452,620	15,528	835	267.82	157.95	10.99
Prof - Lab	6,605,020	2,080,757	139,079	7,480	47.49	14.96	9.33
Prof - Radiology	15,056,749	4,489,169	84,183	4,528	178.86	53.33	20.12
Prof - Transportation	2,991,781	1,409,282	20,247	1,089	147.77	69.61	6.32
Prof - Other	31,196,683	11,460,958	608,941	32,751	51.23	18.82	51.37
Subtotal - Professional	106,435,553	39,293,218	1,105,580	59,462	96.27	35.54	176.11
Total	\$ 326,231,128	\$ 94,448,572					\$ 423.32

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medicaid (TANF & Related)							
Age 65+							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	33,410						
Home Health Care	310,766	286,340	194	70	1,605.74	1,479.53	8.57
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	3,787	40,468	30	11	124.63	1,331.77	1.21
IP - Medical	6,043,756	1,829,134	4,401	1,581	1,373.15	415.58	54.75
IP - Surgery	2,693,657	579,788	484	174	5,560.23	1,196.79	17.35
IP - Other	788,741	630,719	299	107	2,636.84	2,108.55	18.88
Subtotal - Inpatient	9,529,942	3,080,110	5,215	1,873	1,827.29	590.59	92.19
OP - Emergency Room	676,863	156,966	469	168	1,444.13	334.90	4.70
OP - Laboratory	192,660	68,317	2,818	1,012	68.36	24.24	2.04
OP - Radiology	831,998	178,411	2,210	794	376.50	80.73	5.34
OP - Surgery	1,476,085	505,681	495	178	2,983.87	1,022.22	15.14
OP - Other	1,365,581	795,617	1,239	445	1,101.92	642.00	23.81
Subtotal - Outpatient	4,543,187	1,704,992	7,231	2,597	628.30	235.79	51.03
Prof - Evaluation & Management	1,445,006	630,191	11,977	4,302	120.65	52.62	18.86
Prof - Maternity	126	126	1	0	125.00	125.00	0.00
Prof - Surgery	796,198	240,962	1,401	503	568.36	172.01	7.21
Prof - DME/Supplies	220,410	129,711	844	303	261.16	153.69	3.88
Prof - Lab	313,894	95,754	7,421	2,665	42.30	12.90	2.87
Prof - Radiology	634,896	190,645	4,086	1,468	155.38	46.66	5.71
Prof - Transportation	342,457	206,346	3,280	1,178	104.41	62.91	6.18
Prof - Other	1,740,683	718,369	63,529	22,818	27.40	11.31	21.50
Subtotal - Professional	5,493,671	2,212,105	92,539	33,238	59.37	23.90	66.21
Total	\$ 19,877,566	\$ 7,283,547					\$ 218.01

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Medically Needy All Ages							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	1,943,522						
Home Health Care	7,974,853	6,385,854	5,802	36	1,374.58	1,100.70	3.29
IP - Maternity	15,222,747	4,250,550	5,438	34	2,799.07	781.57	2.19
IP - Newborn	8,793,952	3,607,061	4,617	29	1,904.69	781.25	1.86
IP - Medical	126,336,651	29,798,980	41,806	258	3,022.01	712.80	15.33
IP - Surgery	90,047,853	19,071,950	13,051	81	6,899.51	1,461.30	9.81
IP - Other	13,739,328	8,370,106	2,380	15	5,773.05	3,516.99	4.31
Subtotal - Inpatient	254,140,532	65,098,647	67,292	415	3,776.67	967.40	33.50
OP - Emergency Room	97,323,786	22,230,173	116,354	718	836.44	191.06	11.44
OP - Laboratory	6,764,218	1,988,460	113,456	701	59.62	17.53	1.02
OP - Radiology	40,275,940	9,462,999	96,170	594	418.80	98.40	4.87
OP - Surgery	96,445,121	24,678,162	24,012	148	4,016.50	1,027.73	12.70
OP - Other	33,660,273	20,383,024	47,936	296	702.19	425.21	10.49
Subtotal - Outpatient	274,469,338	78,742,817	397,928	2,457	689.75	197.88	40.52
Prof - Evaluation & Management	98,716,331	41,677,640	780,124	4,817	126.54	53.42	21.44
Prof - Maternity	7,102,888	3,008,372	5,434	34	1,307.23	553.67	1.55
Prof - Surgery	48,987,705	13,960,028	83,290	514	588.16	167.61	7.18
Prof - DME/Supplies	7,997,602	4,869,909	29,020	179	275.59	167.81	2.51
Prof - Lab	21,492,146	7,316,632	501,750	3,098	42.83	14.58	3.76
Prof - Radiology	36,252,753	10,659,058	238,233	1,471	152.17	44.74	5.48
Prof - Transportation	11,668,300	5,873,240	93,738	579	124.48	62.66	3.02
Prof - Other	66,581,310	24,890,482	2,467,934	15,238	26.98	10.09	12.81
Subtotal - Professional	298,799,035	112,255,361	4,199,522	25,929	71.15	26.73	57.76
Total	\$ 835,383,757	\$ 262,482,679					\$ 135.06

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Medically Needy Age Under 1							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	2,290						
Home Health Care	585	580	3	16	193.07	191.65	0.25
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	310,313	69,418	98	512	3,177.45	710.81	30.31
IP - Medical	161,028	46,939	63	328	2,576.39	751.01	20.50
IP - Surgery	286,146	32,305	43	227	6,614.94	746.80	14.11
IP - Other	8,857	2,695	9	47	981.65	298.67	1.18
Subtotal - Inpatient	766,344	151,357	212	1,113	3,607.30	712.46	66.10
OP - Emergency Room	96,306	35,181	200	1,050	480.73	175.61	15.36
OP - Laboratory	10,608	4,515	165	866	64.22	27.33	1.97
OP - Radiology	13,216	5,249	54	285	243.28	96.62	2.29
OP - Surgery	72,361	33,963	19	100	3,779.94	1,774.12	14.83
OP - Other	16,586	9,032	49	254	341.92	186.19	3.94
Subtotal - Outpatient	209,077	87,939	487	2,555	428.89	180.39	38.40
Prof - Evaluation & Management	288,477	129,649	2,319	12,152	124.40	55.91	56.62
Prof - Maternity	-	-	-	-	-	-	-
Prof - Surgery	45,970	12,493	59	311	773.43	210.19	5.46
Prof - DME/Supplies	12,143	7,567	49	258	246.40	153.54	3.30
Prof - Lab	9,426	2,916	206	1,078	45.84	14.18	1.27
Prof - Radiology	14,527	4,302	234	1,226	62.08	18.38	1.88
Prof - Transportation	16,977	7,620	28	148	602.96	270.64	3.33
Prof - Other	144,727	59,296	5,346	28,014	27.07	11.09	25.89
Subtotal - Professional	532,246	223,844	8,241	43,187	64.58	27.16	97.75
Total	\$ 1,508,252	\$ 463,720					\$ 202.50

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medically Needy							
Age 1 - 13							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	407,596						
Home Health Care	387,958	265,017	229	7	1,692.86	1,156.41	0.65
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	109,693	45,110	91	3	1,208.28	496.90	0.11
IP - Medical	4,987,650	1,530,004	2,221	65	2,245.87	688.94	3.75
IP - Surgery	1,854,671	422,797	399	12	4,645.56	1,059.02	1.04
IP - Other	443,603	177,614	66	2	6,702.37	2,683.55	0.44
Subtotal - Inpatient	7,395,617	2,175,526	2,777	82	2,663.15	783.40	5.34
OP - Emergency Room	10,611,854	2,932,123	20,393	600	520.36	143.78	7.19
OP - Laboratory	759,032	237,342	10,998	324	69.02	21.58	0.58
OP - Radiology	1,861,748	474,061	6,986	206	266.50	67.86	1.16
OP - Surgery	8,692,670	2,718,345	2,753	81	3,157.08	987.27	6.67
OP - Other	2,647,269	1,707,041	7,116	209	372.03	239.90	4.19
Subtotal - Outpatient	24,572,572	8,068,913	48,246	1,420	509.31	167.24	19.80
Prof - Evaluation & Management	16,317,350	7,524,998	153,344	4,515	106.41	49.07	18.46
Prof - Maternity	2,161	849	1	0	2,140.00	840.52	0.00
Prof - Surgery	3,309,473	984,306	9,892	291	334.56	99.51	2.41
Prof - DME/Supplies	488,941	304,566	2,113	62	231.35	144.11	0.75
Prof - Lab	1,642,581	585,430	55,578	1,636	29.55	10.53	1.44
Prof - Radiology	1,454,973	395,621	18,413	542	79.02	21.49	0.97
Prof - Transportation	529,806	199,866	1,640	48	323.06	121.87	0.49
Prof - Other	6,197,836	2,698,711	250,025	7,361	24.79	10.79	6.62
Subtotal - Professional	29,943,121	12,694,348	491,007	14,456	60.98	25.85	31.14
Total	\$ 62,299,267	\$ 23,203,804					\$ 56.93

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medically Needy							
Age 14 - 20 Female							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	179,667						
Home Health Care	11,665	5,066	47	3	246.02	106.84	0.03
IP - Maternity	4,904,017	1,410,140	1,903	127	2,576.74	740.94	7.85
IP - Newborn	2,806,772	1,164,975	1,548	103	1,813.55	752.73	6.48
IP - Medical	6,889,811	1,708,999	2,113	141	3,260.68	808.80	9.51
IP - Surgery	2,613,435	585,763	453	30	5,764.46	1,292.02	3.26
IP - Other	1,344,261	656,395	90	6	15,012.13	7,330.34	3.65
Subtotal - Inpatient	18,558,296	5,526,272	6,107	408	3,038.97	904.94	30.76
OP - Emergency Room	13,823,906	3,137,050	17,393	1,162	794.81	180.37	17.46
OP - Laboratory	873,106	260,830	13,245	885	65.92	19.69	1.45
OP - Radiology	2,794,000	635,846	6,954	464	401.78	91.44	3.54
OP - Surgery	6,462,264	1,602,399	2,043	136	3,162.55	784.19	8.92
OP - Other	1,540,608	804,652	4,368	292	352.71	184.22	4.48
Subtotal - Outpatient	25,493,884	6,440,776	44,003	2,939	579.37	146.37	35.85
Prof - Evaluation & Management	11,796,089	4,855,859	89,574	5,983	131.69	54.21	27.03
Prof - Maternity	2,333,898	986,587	1,709	114	1,365.28	577.13	5.49
Prof - Surgery	3,012,684	842,205	6,178	413	487.63	136.32	4.69
Prof - DME/Supplies	242,889	163,484	983	66	247.11	166.32	0.91
Prof - Lab	3,750,044	1,346,539	88,031	5,880	42.60	15.30	7.49
Prof - Radiology	3,366,909	1,015,791	23,310	1,557	144.44	43.58	5.65
Prof - Transportation	774,614	265,765	2,866	191	270.29	92.74	1.48
Prof - Other	4,208,612	1,637,633	124,681	8,327	33.76	13.13	9.11
Subtotal - Professional	29,485,739	11,113,865	337,332	22,530	87.41	32.95	61.86
Total	\$ 73,549,584	\$ 23,085,978					\$ 128.49

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medically Needy							
Age 14 - 20 Male							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	169,119						
Home Health Care	24,577	17,293	74	5	333.76	234.85	0.10
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	4,379	6,976	5	0	866.43	1,380.14	0.04
IP - Medical	5,779,844	1,512,205	1,690	120	3,420.21	894.84	8.94
IP - Surgery	6,050,221	1,558,844	874	62	6,926.29	1,784.56	9.22
IP - Other	760,353	1,413,960	30	2	25,212.75	46,885.84	8.36
Subtotal - Inpatient	12,594,798	4,491,984	2,599	184	4,846.70	1,728.59	26.56
OP - Emergency Room	8,252,321	1,938,189	10,777	765	765.76	179.85	11.46
OP - Laboratory	308,110	91,476	13,259	941	23.24	6.90	0.54
OP - Radiology	1,428,662	320,162	3,600	255	396.90	88.94	1.89
OP - Surgery	3,761,832	843,255	888	63	4,234.42	949.19	4.99
OP - Other	1,033,292	551,895	2,216	157	466.24	249.02	3.26
Subtotal - Outpatient	14,784,217	3,744,976	30,739	2,181	480.95	121.83	22.14
Prof - Evaluation & Management	5,897,701	2,333,925	43,456	3,083	135.72	53.71	13.80
Prof - Maternity	-	-	-	-	-	-	-
Prof - Surgery	2,681,057	754,658	4,833	343	554.71	156.14	4.46
Prof - DME/Supplies	236,449	159,501	1,023	73	231.17	155.94	0.94
Prof - Lab	594,673	199,829	15,540	1,103	38.27	12.86	1.18
Prof - Radiology	1,573,572	432,066	15,672	1,112	100.41	27.57	2.55
Prof - Transportation	933,830	286,441	2,118	150	440.97	135.26	1.69
Prof - Other	2,500,741	979,679	66,674	4,731	37.51	14.69	5.79
Subtotal - Professional	14,418,023	5,146,099	149,316	10,595	96.56	34.46	30.43
Total	\$ 41,821,615	\$ 13,400,353					\$ 79.24

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medically Needy							
Age 21 - 44 Female							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	387,992						
Home Health Care	162,611	103,440	419	13	388.23	246.96	0.27
IP - Maternity	10,285,258	2,832,226	3,523	109	2,919.34	803.89	7.30
IP - Newborn	5,538,221	2,295,986	2,854	88	1,940.79	804.60	5.92
IP - Medical	31,026,859	6,875,768	8,880	275	3,494.03	774.30	17.72
IP - Surgery	19,860,025	4,312,184	3,340	103	5,946.75	1,291.21	11.11
IP - Other	2,372,241	1,099,749	441	14	5,382.65	2,495.35	2.83
Subtotal - Inpatient	69,082,605	17,415,912	19,037	589	3,628.85	914.84	44.89
OP - Emergency Room	35,105,707	7,666,396	39,981	1,237	878.05	191.75	19.76
OP - Laboratory	2,187,715	646,780	30,270	936	72.27	21.37	1.67
OP - Radiology	13,762,789	3,113,640	30,794	952	446.93	101.11	8.03
OP - Surgery	33,601,607	8,250,497	8,431	261	3,985.46	978.59	21.26
OP - Other	6,074,284	3,161,718	13,800	427	440.18	229.12	8.15
Subtotal - Outpatient	90,732,102	22,839,031	123,276	3,813	736.01	185.27	58.86
Prof - Evaluation & Management	32,999,546	13,625,175	251,469	7,778	131.23	54.18	35.12
Prof - Maternity	4,763,872	2,019,649	3,721	115	1,280.25	542.76	5.21
Prof - Surgery	17,476,355	4,934,419	27,367	846	638.60	180.31	12.72
Prof - DME/Supplies	1,611,504	985,381	6,188	191	260.42	159.24	2.54
Prof - Lab	9,172,998	3,173,328	198,945	6,153	46.11	15.95	8.18
Prof - Radiology	13,556,628	4,042,284	83,767	2,591	161.84	48.26	10.42
Prof - Transportation	2,323,610	887,016	10,881	337	213.54	81.52	2.29
Prof - Other	16,855,094	5,399,622	352,550	10,904	47.81	15.32	13.92
Subtotal - Professional	98,759,606	35,066,874	934,889	28,915	105.64	37.51	90.38
Total	\$ 258,736,924	\$ 75,425,258					\$ 194.40

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medically Needy							
Age 21 - 44 Male							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	171,519						
Home Health Care	786,779	701,095	559	39	1,407.90	1,254.58	4.09
IP - Maternity	-	563	1	0	-	556.00	0.00
IP - Newborn	24,573	21,582	17	1	1,429.40	1,255.43	0.13
IP - Medical	17,394,703	3,788,921	4,651	325	3,740.28	814.71	22.09
IP - Surgery	14,631,561	3,522,006	1,933	135	7,567.68	1,821.64	20.53
IP - Other	2,409,658	2,063,246	316	22	7,620.76	6,525.20	12.03
Subtotal - Inpatient	34,460,494	9,396,319	6,918	484	4,980.94	1,358.15	54.78
OP - Emergency Room	14,311,987	3,145,993	15,789	1,105	906.43	199.25	18.34
OP - Laboratory	637,926	206,903	17,755	1,242	35.93	11.65	1.21
OP - Radiology	4,976,634	1,187,265	9,135	639	544.76	129.96	6.92
OP - Surgery	10,012,530	2,320,022	2,427	170	4,125.67	955.97	13.53
OP - Other	3,056,502	1,347,136	4,299	301	711.04	313.39	7.85
Subtotal - Outpatient	32,995,579	8,207,320	49,405	3,457	667.86	166.12	47.85
Prof - Evaluation & Management	10,380,050	4,054,173	73,065	5,112	142.07	55.49	23.64
Prof - Maternity	2,626	1,210	1	0	2,600.00	1,197.68	0.01
Prof - Surgery	6,502,633	1,908,582	9,555	669	680.53	199.74	11.13
Prof - DME/Supplies	1,218,611	759,241	3,448	241	353.44	220.20	4.43
Prof - Lab	1,357,874	446,831	31,151	2,179	43.59	14.34	2.61
Prof - Radiology	4,460,593	1,294,775	30,596	2,141	145.79	42.32	7.55
Prof - Transportation	1,454,378	541,506	5,693	398	255.45	95.11	3.16
Prof - Other	6,140,027	2,127,500	186,975	13,081	32.84	11.38	12.40
Subtotal - Professional	31,516,791	11,133,817	340,485	23,821	92.56	32.70	64.91
Total	\$ 99,759,644	\$ 29,438,551					\$ 171.63

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Medically Needy							
Age 45 - 64							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	283,400						
Home Health Care	1,666,087	1,105,418	1,795	76	928.12	615.79	3.90
IP - Maternity	33,472	7,621	11	0	3,003.85	683.96	0.03
IP - Newborn	-	2,001	4	0	-	493.75	0.01
IP - Medical	52,125,973	12,082,605	15,530	658	3,356.46	778.01	42.63
IP - Surgery	41,205,813	8,068,572	5,561	235	7,410.28	1,451.02	28.47
IP - Other	5,580,285	1,996,991	757	32	7,373.93	2,638.87	7.05
Subtotal - Inpatient	98,945,544	22,157,791	21,863	926	4,525.78	1,013.50	78.19
OP - Emergency Room	13,843,817	3,082,647	11,025	467	1,255.67	279.60	10.88
OP - Laboratory	1,761,101	473,211	24,819	1,051	70.96	19.07	1.67
OP - Radiology	14,049,581	3,392,933	35,160	1,489	399.59	96.50	11.97
OP - Surgery	30,258,403	7,901,947	6,638	281	4,558.13	1,190.35	27.88
OP - Other	10,728,129	5,441,517	11,712	496	916.02	464.62	19.20
Subtotal - Outpatient	70,641,031	20,292,255	89,354	3,784	790.57	227.10	71.60
Prof - Evaluation & Management	19,033,415	8,292,006	150,720	6,382	126.28	55.02	29.26
Prof - Maternity	331	78	1	0	330.00	77.52	0.00
Prof - Surgery	14,420,650	4,103,148	22,645	959	636.81	181.19	14.48
Prof - DME/Supplies	3,673,430	2,211,328	13,055	553	281.39	169.39	7.80
Prof - Lab	4,471,440	1,416,447	101,353	4,292	44.12	13.98	5.00
Prof - Radiology	10,824,677	3,191,341	60,688	2,570	178.37	52.59	11.26
Prof - Transportation	3,507,108	2,005,770	35,775	1,515	98.03	56.07	7.08
Prof - Other	26,218,835	9,877,336	782,942	33,152	33.49	12.62	34.85
Subtotal - Professional	82,149,886	31,097,453	1,167,179	49,422	70.38	26.64	109.73
Total	\$ 253,402,548	\$ 74,652,917					\$ 263.42

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Medically Needy Age 65+							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	341,939						
Home Health Care	4,934,592	4,187,943	2,676	94	1,844.30	1,565.24	12.25
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	-	1,013	1	0	-	1,000.00	0.00
IP - Medical	7,970,783	2,253,538	6,659	234	1,197.05	338.44	6.59
IP - Surgery	3,545,981	569,479	448	16	7,910.69	1,270.44	1.67
IP - Other	820,070	959,457	671	24	1,221.57	1,429.20	2.81
Subtotal - Inpatient	12,336,833	3,783,487	7,779	273	1,585.86	486.36	11.06
OP - Emergency Room	1,277,889	292,594	795	28	1,606.75	367.89	0.86
OP - Laboratory	226,620	67,404	2,945	103	76.94	22.89	0.20
OP - Radiology	1,389,309	333,842	3,486	122	398.51	95.76	0.98
OP - Surgery	3,583,455	1,007,734	812	28	4,414.82	1,241.53	2.95
OP - Other	8,563,604	7,360,033	4,378	154	1,956.11	1,681.19	21.52
Subtotal - Outpatient	15,040,876	9,061,607	12,416	436	1,211.38	729.81	26.50
Prof - Evaluation & Management	2,003,703	861,853	16,176	568	123.87	53.28	2.52
Prof - Maternity	-	-	-	-	-	-	-
Prof - Surgery	1,538,883	420,217	2,760	97	557.60	152.26	1.23
Prof - DME/Supplies	513,635	278,841	2,161	76	237.70	129.04	0.82
Prof - Lab	493,109	145,311	10,945	384	45.05	13.28	0.42
Prof - Radiology	1,000,874	282,879	5,552	195	180.28	50.95	0.83
Prof - Transportation	2,127,978	1,679,257	34,737	1,219	61.26	48.34	4.91
Prof - Other	4,315,438	2,110,704	698,742	24,522	6.18	3.02	6.17
Subtotal - Professional	11,993,621	5,779,062	771,073	27,060	15.55	7.49	16.90
Total	\$ 44,305,923	\$ 22,812,098					\$ 66.71

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Uninsured/Uninsurable							
All Ages							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	425,219						
Home Health Care	28,606	16,601	148	4	192.83	111.90	0.04
IP - Maternity	572,373	152,540	214	6	2,677.02	713.44	0.36
IP - Newborn	341,266	145,906	217	6	1,572.68	672.39	0.34
IP - Medical	4,507,908	1,264,042	1,818	51	2,479.59	695.29	2.97
IP - Surgery	3,117,278	574,848	485	14	6,422.11	1,184.28	1.35
IP - Other	353,921	115,422	54	2	6,524.01	2,127.63	0.27
Subtotal - Inpatient	8,892,745	2,252,758	2,788	79	3,189.13	807.89	5.30
OP - Emergency Room	9,705,085	2,171,651	14,413	407	673.36	150.67	5.11
OP - Laboratory	1,112,434	321,582	14,940	422	74.46	21.52	0.76
OP - Radiology	3,370,462	781,829	9,232	261	365.08	84.69	1.84
OP - Surgery	9,290,144	2,562,483	2,765	78	3,360.03	926.79	6.03
OP - Other	3,359,279	1,739,251	8,220	232	408.65	211.58	4.09
Subtotal - Outpatient	26,837,403	7,576,796	49,571	1,399	541.40	152.85	17.82
Prof - Evaluation & Management	15,491,010	6,818,062	149,463	4,218	103.64	45.62	16.03
Prof - Maternity	244,458	104,934	195	5	1,256.51	539.36	0.25
Prof - Surgery	4,367,595	1,393,804	11,352	320	384.75	122.78	3.28
Prof - DME/Supplies	652,774	421,484	2,327	66	280.52	181.13	0.99
Prof - Lab	2,583,613	948,881	76,393	2,156	33.82	12.42	2.23
Prof - Radiology	2,403,257	677,275	23,718	669	101.33	28.56	1.59
Prof - Transportation	808,536	265,849	1,985	56	407.36	133.94	0.63
Prof - Other	7,721,724	3,574,200	349,915	9,875	22.07	10.21	8.41
Subtotal - Professional	34,272,967	14,204,490	615,346	17,366	55.70	23.08	33.41
Total	\$ 70,031,722	\$ 24,050,645					\$ 56.56

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Uninsured/Uninsurable Age Under 1							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	283						
Home Health Care	-	-	-	-	-	-	-
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	75,435	15,004	25	1,063	3,009.87	598.65	53.03
IP - Medical	99,566	27,701	19	814	5,187.23	1,443.15	97.91
IP - Surgery	12,626	1,800	2	86	6,250.73	891.00	6.36
IP - Other	5,788	2,068	3	128	1,924.67	687.67	7.31
Subtotal - Inpatient	193,416	46,572	49	2,090	3,924.48	944.97	164.62
OP - Emergency Room	5,169	1,104	8	342	640.67	136.79	3.90
OP - Laboratory	1,032	280	22	937	46.68	12.69	0.99
OP - Radiology	1,059	230	7	300	149.88	32.56	0.81
OP - Surgery	1,331	166	2	85	661.14	82.38	0.59
OP - Other	157	186	2	85	77.84	92.47	0.66
Subtotal - Outpatient	8,746	1,966	41	1,750	212.01	47.66	6.95
Prof - Evaluation & Management	33,573	12,963	237	10,062	141.53	54.65	45.82
Prof - Maternity	-	-	-	-	-	-	-
Prof - Surgery	8,223	1,525	9	384	909.10	168.62	5.39
Prof - DME/Supplies	992	646	4	171	246.76	160.63	2.28
Prof - Lab	284	104	12	515	23.42	8.59	0.37
Prof - Radiology	1,393	332	25	1,070	55.22	13.16	1.17
Prof - Transportation	11,196	3,512	2	86	5,542.50	1,738.50	12.41
Prof - Other	7,152	3,284	327	13,854	21.90	10.05	11.61
Subtotal - Professional	62,814	22,366	616	26,141	101.92	36.29	79.06
Total	\$ 264,976	\$ 70,905					\$ 250.62

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Uninsured/Uninsurable							
Age 1 - 13							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	257,772						
Home Health Care	20,869	10,796	113	5	184.64	95.51	0.04
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	38,645	22,968	15	1	2,549.34	1,515.14	0.09
IP - Medical	2,083,928	597,460	1,012	47	2,059.69	590.51	2.32
IP - Surgery	1,196,007	236,025	208	10	5,761.25	1,136.95	0.92
IP - Other	129,368	36,277	31	1	4,158.54	1,166.12	0.14
Subtotal - Inpatient	3,447,949	892,730	1,266	59	2,724.29	705.36	3.46
OP - Emergency Room	4,887,457	1,161,920	8,252	384	592.31	140.81	4.51
OP - Laboratory	611,012	180,815	8,554	398	71.43	21.14	0.70
OP - Radiology	1,442,843	349,195	4,828	225	298.83	72.32	1.35
OP - Surgery	5,197,577	1,587,576	1,687	79	3,080.70	940.99	6.16
OP - Other	1,969,814	995,510	5,632	262	349.78	176.77	3.86
Subtotal - Outpatient	14,108,703	4,275,016	28,953	1,348	487.30	147.65	16.58
Prof - Evaluation & Management	9,309,115	4,180,063	93,678	4,361	99.37	44.62	16.22
Prof - Maternity	-	-	-	-	-	-	-
Prof - Surgery	2,332,850	804,299	6,387	297	365.25	125.93	3.12
Prof - DME/Supplies	375,551	234,515	1,293	60	290.35	181.31	0.91
Prof - Lab	1,209,299	448,439	40,066	1,865	30.18	11.19	1.74
Prof - Radiology	940,776	263,376	11,198	521	84.02	23.52	1.02
Prof - Transportation	255,915	99,688	830	39	308.40	120.13	0.39
Prof - Other	4,644,754	2,142,867	214,472	9,984	21.66	9.99	8.31
Subtotal - Professional	19,068,261	8,173,247	367,924	17,128	51.83	22.21	31.71
Total	\$ 36,645,781	\$ 13,351,790					\$ 51.80

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Uninsured/Uninsurable Age 14 - 19 Female							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	81,794						
Home Health Care	2,159	1,598	17	3	125.87	93.13	0.02
IP - Maternity	572,373	152,540	214	31	2,677.02	713.44	1.86
IP - Newborn	227,185	107,935	177	26	1,285.17	610.58	1.32
IP - Medical	1,229,622	325,604	440	65	2,792.44	739.44	3.98
IP - Surgery	723,638	155,900	153	22	4,727.82	1,018.56	1.91
IP - Other	56,803	15,753	4	1	14,086.40	3,906.51	0.19
Subtotal - Inpatient	2,809,622	757,731	988	145	2,843.70	766.92	9.26
OP - Emergency Room	2,847,923	593,592	3,523	517	808.27	168.47	7.26
OP - Laboratory	310,082	85,046	3,985	585	77.81	21.34	1.04
OP - Radiology	1,051,128	231,875	2,434	357	431.82	95.26	2.83
OP - Surgery	2,297,889	540,804	602	88	3,815.62	898.00	6.61
OP - Other	534,929	252,171	1,318	193	405.94	191.36	3.08
Subtotal - Outpatient	7,041,951	1,703,487	11,863	1,740	593.61	143.60	20.83
Prof - Evaluation & Management	3,623,782	1,561,366	32,663	4,792	110.95	47.80	19.09
Prof - Maternity	244,458	104,934	195	29	1,256.51	539.36	1.28
Prof - Surgery	969,607	282,636	2,595	381	373.71	108.93	3.46
Prof - DME/Supplies	131,356	88,000	460	67	285.70	191.40	1.08
Prof - Lab	1,018,231	376,394	26,369	3,869	38.61	14.27	4.60
Prof - Radiology	837,432	245,191	6,529	958	128.26	37.55	3.00
Prof - Transportation	252,092	74,435	629	92	400.76	118.33	0.91
Prof - Other	1,680,694	787,244	76,253	11,187	22.04	10.32	9.62
Subtotal - Professional	8,757,651	3,520,198	145,692	21,374	60.11	24.16	43.04
Total	\$ 18,611,383	\$ 5,983,014					\$ 73.15

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Uninsured/Uninsurable Age 14 - 19 Male							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	85,370						
Home Health Care	5,578	4,207	18	3	307.06	231.60	0.05
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	-	-	-	-	-	-	-
IP - Medical	1,094,791	313,278	347	49	3,157.73	903.59	3.67
IP - Surgery	1,185,006	181,124	123	17	9,655.90	1,475.87	2.12
IP - Other	161,961	61,324	16	2	10,059.69	3,808.92	0.72
Subtotal - Inpatient	2,441,759	555,725	486	68	5,029.10	1,144.58	6.51
OP - Emergency Room	1,964,536	415,036	2,630	370	747.01	157.82	4.86
OP - Laboratory	190,309	55,441	2,379	334	80.01	23.31	0.65
OP - Radiology	875,432	200,529	1,963	276	446.07	102.18	2.35
OP - Surgery	1,793,348	433,937	474	67	3,787.33	916.42	5.08
OP - Other	854,379	491,384	1,269	178	673.27	387.22	5.76
Subtotal - Outpatient	5,678,002	1,596,327	8,713	1,225	651.63	183.20	18.70
Prof - Evaluation & Management	2,524,540	1,063,670	22,885	3,217	110.31	46.48	12.46
Prof - Maternity	-	-	-	-	-	-	-
Prof - Surgery	1,056,915	305,344	2,361	332	447.60	129.31	3.58
Prof - DME/Supplies	144,875	98,323	570	80	254.26	172.56	1.15
Prof - Lab	355,799	123,945	9,945	1,398	35.78	12.46	1.45
Prof - Radiology	623,656	168,376	5,965	839	104.54	28.23	1.97
Prof - Transportation	289,334	88,215	524	74	552.20	168.36	1.03
Prof - Other	1,389,124	640,805	58,863	8,274	23.60	10.89	7.51
Subtotal - Professional	6,384,242	2,488,678	101,114	14,213	63.14	24.61	29.15
Total	\$ 14,509,581	\$ 4,644,937					\$ 54.41

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Disabled All Ages							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	1,837,154						
Home Health Care	26,037,448	20,449,089	24,074	157	1,081.55	849.42	11.13
IP - Maternity	10,319,723	2,979,065	3,530	23	2,923.66	843.99	1.62
IP - Newborn	43,331,405	17,622,986	13,021	85	3,327.82	1,353.43	9.59
IP - Medical	507,816,714	133,560,332	182,562	1,192	2,781.62	731.59	72.70
IP - Surgery	282,720,755	67,517,064	49,763	325	5,681.30	1,356.76	36.75
IP - Other	35,350,179	16,914,991	7,719	50	4,579.77	2,191.41	9.21
Subtotal - Inpatient	879,538,776	238,594,438	256,594	1,676	3,427.74	929.85	129.87
OP - Emergency Room	174,416,169	40,406,527	171,283	1,119	1,018.29	235.91	21.99
OP - Laboratory	20,943,007	6,168,659	301,726	1,971	69.41	20.44	3.36
OP - Radiology	82,324,381	19,822,477	202,799	1,325	405.94	97.74	10.79
OP - Surgery	203,470,958	55,675,172	51,563	337	3,946.08	1,079.76	30.31
OP - Other	140,665,411	78,283,542	166,373	1,087	845.48	470.53	42.61
Subtotal - Outpatient	621,819,926	200,356,377	893,744	5,838	695.75	224.18	109.06
Prof - Evaluation & Management	204,721,928	85,424,570	1,533,370	10,016	133.51	55.71	46.50
Prof - Maternity	3,856,671	1,614,709	2,898	19	1,330.94	557.24	0.88
Prof - Surgery	98,906,878	29,697,212	165,499	1,081	597.63	179.44	16.16
Prof - DME/Supplies	56,966,272	34,037,287	157,203	1,027	362.37	216.52	18.53
Prof - Lab	36,895,819	12,099,894	881,000	5,755	41.88	13.73	6.59
Prof - Radiology	72,888,591	21,280,206	501,484	3,276	145.35	42.43	11.58
Prof - Transportation	35,271,883	15,765,077	227,380	1,485	155.12	69.33	8.58
Prof - Other	193,955,183	76,656,648	14,702,870	96,037	13.19	5.21	41.73
Subtotal - Professional	703,463,227	276,575,603	18,171,704	118,695	38.71	15.22	150.55
Total	\$ 2,230,859,377	\$ 735,975,506					\$ 400.61

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Disabled Age <21							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	527,412						
Home Health Care	14,422,100	12,022,046	10,437	237	1,381.79	1,151.84	22.79
IP - Maternity	2,837,638	873,247	1,053	24	2,695.92	829.63	1.66
IP - Newborn	37,617,211	15,251,327	9,857	224	3,816.47	1,547.33	28.92
IP - Medical	64,268,180	20,448,643	18,648	424	3,446.34	1,096.55	38.77
IP - Surgery	47,644,722	10,482,511	7,135	162	6,677.67	1,469.18	19.88
IP - Other	6,971,425	3,416,839	995	23	7,007.10	3,434.32	6.48
Subtotal - Inpatient	159,339,176	50,472,567	37,687	857	4,227.94	1,339.25	95.70
OP - Emergency Room	24,291,318	7,648,578	30,939	704	785.12	247.21	14.50
OP - Laboratory	4,173,415	1,549,900	56,449	1,284	73.93	27.46	2.94
OP - Radiology	6,348,828	1,956,607	21,052	479	301.57	92.94	3.71
OP - Surgery	33,333,091	10,731,403	9,953	226	3,348.90	1,078.16	20.35
OP - Other	52,144,498	37,768,136	77,160	1,756	675.79	489.48	71.61
Subtotal - Outpatient	120,291,149	59,654,623	195,554	4,449	615.13	305.05	113.11
Prof - Evaluation & Management	36,692,073	15,728,436	272,905	6,209	134.45	57.63	29.82
Prof - Maternity	1,068,140	446,816	703	16	1,518.35	635.15	0.85
Prof - Surgery	13,744,804	3,831,651	18,191	414	755.59	210.64	7.27
Prof - DME/Supplies	15,217,237	8,821,146	24,083	548	631.87	366.28	16.73
Prof - Lab	3,591,017	1,305,343	97,129	2,210	36.97	13.44	2.47
Prof - Radiology	5,380,097	1,406,780	54,765	1,246	98.24	25.69	2.67
Prof - Transportation	4,025,200	1,646,172	15,185	346	265.07	108.40	3.12
Prof - Other	38,840,880	16,138,962	6,662,285	151,584	5.83	2.42	30.60
Subtotal - Professional	118,559,448	49,325,305	7,145,246	162,573	16.59	6.90	93.52
Total	\$ 412,611,873	\$ 171,474,542					\$ 325.12

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Disabled Age 21+							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	1,309,742						
Home Health Care	11,615,348	8,427,043	13,637	125	851.75	617.95	6.43
IP - Maternity	7,482,084	2,105,818	2,477	23	3,020.43	850.10	1.61
IP - Newborn	5,714,194	2,371,659	3,164	29	1,805.78	749.48	1.81
IP - Medical	443,548,534	113,111,688	163,913	1,502	2,705.99	690.07	86.36
IP - Surgery	235,076,034	57,034,553	42,628	391	5,514.53	1,337.95	43.55
IP - Other	28,378,754	13,498,152	6,724	62	4,220.61	2,007.50	10.31
Subtotal - Inpatient	720,199,600	188,121,870	218,907	2,006	3,289.98	859.37	143.63
OP - Emergency Room	150,124,852	32,757,949	140,343	1,286	1,069.70	233.41	25.01
OP - Laboratory	16,769,593	4,618,758	245,277	2,247	68.37	18.83	3.53
OP - Radiology	75,975,553	17,865,871	181,747	1,665	418.03	98.30	13.64
OP - Surgery	170,137,867	44,943,769	41,609	381	4,088.94	1,080.14	34.31
OP - Other	88,520,912	40,515,407	89,212	817	992.25	454.15	30.93
Subtotal - Outpatient	501,528,777	140,701,753	698,189	6,397	718.33	201.52	107.43
Prof - Evaluation & Management	168,029,856	69,696,133	1,260,465	11,549	133.31	55.29	53.21
Prof - Maternity	2,788,532	1,167,894	2,194	20	1,270.85	532.26	0.89
Prof - Surgery	85,162,074	25,865,561	147,308	1,350	578.12	175.59	19.75
Prof - DME/Supplies	41,749,036	25,216,141	133,120	1,220	313.62	189.42	19.25
Prof - Lab	33,304,802	10,794,551	783,871	7,182	42.49	13.77	8.24
Prof - Radiology	67,508,494	19,873,426	446,720	4,093	151.12	44.49	15.17
Prof - Transportation	31,246,683	14,118,905	212,195	1,944	147.25	66.54	10.78
Prof - Other	155,114,304	60,517,687	8,040,586	73,669	19.29	7.53	46.21
Subtotal - Professional	584,903,779	227,250,297	11,026,458	101,026	53.05	20.61	173.51
Total	\$ 1,818,247,504	\$ 564,500,964					\$ 431.00

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Duals All Ages							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	2,057,113						
Home Health Care	14,839,420	13,676,475	7,992	47	1,856.86	1,711.34	6.65
IP - Maternity	215,603	66,629	90	1	2,401.88	742.27	0.03
IP - Newborn	1,348,173	426,489	473	3	2,848.41	901.08	0.21
IP - Medical	40,412,789	18,003,538	69,366	405	582.61	259.55	8.75
IP - Surgery	5,104,838	834,074	921	5	5,543.37	905.72	0.41
IP - Other	5,122,221	5,029,624	11,764	69	435.43	427.56	2.44
Subtotal - Inpatient	52,203,624	24,360,354	82,613	482	631.90	294.87	11.84
OP - Emergency Room	8,996,053	1,837,330	6,983	41	1,288.23	263.10	0.89
OP - Laboratory	1,480,096	531,687	14,800	86	100.00	35.92	0.26
OP - Radiology	4,201,668	994,041	15,281	89	274.96	65.05	0.48
OP - Surgery	10,199,645	3,612,929	2,677	16	3,809.48	1,349.40	1.76
OP - Other	31,450,562	27,813,892	16,337	95	1,925.16	1,702.55	13.52
Subtotal - Outpatient	56,328,025	34,789,880	56,079	327	1,004.44	620.37	16.91
Prof - Evaluation & Management	7,374,977	3,000,663	57,567	336	128.11	52.12	1.46
Prof - Maternity	89,848	33,239	60	0	1,487.14	550.16	0.02
Prof - Surgery	4,447,245	1,187,649	7,174	42	619.94	165.56	0.58
Prof - DME/Supplies	3,284,625	1,919,750	10,183	59	322.56	188.52	0.93
Prof - Lab	1,778,191	531,394	37,793	220	47.05	14.06	0.26
Prof - Radiology	2,781,918	779,560	17,286	101	160.93	45.10	0.38
Prof - Transportation	16,799,196	13,387,921	287,423	1,677	58.45	46.58	6.51
Prof - Other	16,755,964	9,592,586	4,983,585	29,071	3.36	1.92	4.66
Subtotal - Professional	53,311,964	30,432,762	5,401,071	31,507	9.87	5.63	14.79
Total	\$ 176,683,033	\$ 103,259,470					\$ 50.20

TennCare
FY 2007 Per Capita Cost Development
Historical Encounter Data

Exhibit 1

Statewide

Waiver Duals							
All Ages							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	35,130						
Home Health Care	133,261	102,613	69	23	1,940.87	1,494.50	2.92
IP - Maternity	-	-	-	-	-	-	-
IP - Newborn	-	-	-	-	-	-	-
IP - Medical	213,669	79,528	132	45	1,615.90	601.44	2.26
IP - Surgery	13,981	3,799	11	4	1,257.04	341.59	0.11
IP - Other	150	2,566	1	0	150.00	2,559.90	0.07
Subtotal - Inpatient	227,800	85,893	144	49	1,578.07	595.02	2.45
OP - Emergency Room	37,048	5,923	28	10	1,313.18	209.94	0.17
OP - Laboratory	10,295	3,884	137	47	75.03	28.31	0.11
OP - Radiology	45,116	14,104	74	25	612.14	191.37	0.40
OP - Surgery	169,374	55,100	36	12	4,674.25	1,520.60	1.57
OP - Other	204,995	190,956	171	58	1,199.56	1,117.41	5.44
Subtotal - Outpatient	466,828	269,967	446	152	1,046.12	604.97	7.68
Prof - Evaluation & Management	72,504	26,434	663	226	109.41	39.89	0.75
Prof - Maternity	-	-	-	-	-	-	-
Prof - Surgery	76,976	18,729	118	40	651.43	158.50	0.53
Prof - DME/Supplies	35,618	17,758	193	66	184.81	92.14	0.51
Prof - Lab	26,901	7,251	527	180	51.02	13.75	0.21
Prof - Radiology	23,528	7,710	156	53	150.70	49.38	0.22
Prof - Transportation	97,159	88,453	2,139	731	45.42	41.35	2.52
Prof - Other	175,283	92,447	43,796	14,960	4.00	2.11	2.63
Subtotal - Professional	507,970	258,783	47,592	16,257	10.67	5.44	7.37
Total	\$ 1,335,859	\$ 717,257					\$ 20.42

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 1

Statewide

Disenrolled Members All Ages							
October 2004 through September 2005 Incurred							
Service Category	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charge /Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Member Months	1,903,733						
Home Health Care	4,695,037	3,490,541	6,222	39	754.57	560.99	1.83
IP - Maternity	6,200,023	1,702,996	2,151	14	2,882.23	791.68	0.89
IP - Newborn	2,677,513	1,229,148	1,766	11	1,515.75	695.83	0.65
IP - Medical	224,270,062	49,918,016	61,731	389	3,632.99	808.63	26.22
IP - Surgery	189,875,597	43,561,377	26,785	169	7,088.80	1,626.32	22.88
IP - Other	24,047,916	10,086,901	3,221	20	7,466.89	3,131.99	5.30
Subtotal - Inpatient	447,071,112	106,498,437	95,655	603	4,673.79	1,113.36	55.94
OP - Emergency Room	127,215,854	27,454,646	121,798	768	1,044.48	225.41	14.42
OP - Laboratory	14,056,286	4,142,808	183,838	1,159	76.46	22.54	2.18
OP - Radiology	92,924,055	21,718,330	217,416	1,370	427.40	99.89	11.41
OP - Surgery	216,368,022	54,923,470	53,648	338	4,033.07	1,023.77	28.85
OP - Other	46,783,209	20,186,240	82,436	520	567.51	244.87	10.60
Subtotal - Outpatient	497,347,426	128,425,493	659,136	4,155	754.54	194.84	67.46
Prof - Evaluation & Management	155,754,425	66,012,822	1,385,187	8,731	112.44	47.66	34.68
Prof - Maternity	2,947,357	1,289,191	2,279	14	1,293.02	565.57	0.68
Prof - Surgery	118,329,439	34,237,612	196,118	1,236	603.36	174.58	17.98
Prof - DME/Supplies	20,684,851	12,013,053	75,062	473	275.57	160.04	6.31
Prof - Lab	40,857,456	13,700,441	927,224	5,845	44.06	14.78	7.20
Prof - Radiology	75,057,130	22,455,213	459,491	2,896	163.35	48.87	11.80
Prof - Transportation	14,954,448	6,357,256	88,719	559	168.56	71.66	3.34
Prof - Other	129,104,963	44,970,147	3,038,533	19,153	42.49	14.80	23.62
Subtotal - Professional	557,690,069	201,035,735	6,172,612	38,908	90.35	32.57	105.60
Total	\$ 1,506,803,644	\$ 439,450,205					\$ 230.84

TennCare
FY 2007 Per Capita Cost Development
Trend Assumption

Exhibit 2

Statewide

	Historical Trend	Current Trend	Provider Fee Increase July 1, 2006	Months From Data Period*		Trend Factor	
				Mid=point of 4/1/2005 to FY2006	FY2007	FY2006	FY2007
Home Health Care	4.0%	7.0%	2.5%	9	21	1.030	1.129
IP - Maternity	1.0%	5.0%	2.5%	9	21	1.007	1.084
IP - Newborn	1.0%	5.0%	2.5%	9	21	1.007	1.084
IP - Medical	1.0%	5.0%	2.5%	9	21	1.007	1.084
IP - Surgery	1.0%	5.0%	2.5%	9	21	1.007	1.084
IP - Other	1.0%	5.0%	2.5%	9	21	1.007	1.084
OP - Emergency Room	3.0%	11.0%	2.5%	9	21	1.022	1.163
OP - Laboratory	3.0%	11.0%	2.5%	9	21	1.022	1.163
OP - Radiology	3.0%	11.0%	2.5%	9	21	1.022	1.163
OP - Surgery	3.0%	11.0%	2.5%	9	21	1.022	1.163
OP - Other	3.0%	11.0%	2.5%	9	21	1.022	1.163
Prof - Evaluation & Management	8.0%	7.0%	2.5%	9	21	1.059	1.162
Prof - Maternity	8.0%	7.0%	2.5%	9	21	1.059	1.162
Prof - Surgery	8.0%	7.0%	2.5%	9	21	1.059	1.162
Prof - DME/Supplies	8.0%	7.0%	2.5%	9	21	1.059	1.162
Prof - Lab	8.0%	7.0%	2.5%	9	21	1.059	1.162
Prof - Radiology	8.0%	7.0%	2.5%	9	21	1.059	1.162
Prof - Transportation	8.0%	7.0%	2.5%	9	21	1.059	1.162
Prof - Other	8.0%	7.0%	2.5%	9	21	1.059	1.162
Prescription Drug **	17.5%	18.0%	0.0%	2	14	1.027	1.212
Dental	2.0%	4.0%	0.0%	9	21	1.015	1.056

* **October 2004 through September 2005 Incurred**

** **August 2005 through January 2006 Incurred**

TennCare
FY 2007 Per Capita Cost Development
Adjustment Factors

Exhibit 3

Statewide

	IBNR Completion Factor	Benefit Adjustment Factor	
		Child (<21)	Adult (21+)
Home Health Care	1.0329	1.000	1.000
IP - Maternity	1.0265	1.000	1.000
IP - Newborn	1.0265	1.000	1.000
IP - Medical	1.0265	1.000	0.974
IP - Surgery	1.0265	1.000	0.974
IP - Other	1.0265	1.000	0.974
OP - Emergency Room	1.0142	1.000	0.987
OP - Laboratory	1.0142	1.000	0.979
OP - Radiology	1.0142	1.000	0.979
OP - Surgery	1.0142	1.000	0.987
OP - Other	1.0142	1.000	0.987
Prof - Evaluation & Management	1.0073	1.000	0.982
Prof - Maternity	1.0073	1.000	1.000
Prof - Surgery	1.0073	1.000	1.000
Prof - DME/Supplies	1.0073	1.000	1.000
Prof - Lab	1.0073	1.000	0.979
Prof - Radiology	1.0073	1.000	0.979
Prof - Transportation	1.0073	1.000	1.000
Prof - Other	1.0073	1.000	1.000
Prescription Drug-Medicare Part D 2006	1.0000	0.667	0.667
Prescription Drug-Non-Medicare Part D 2006	1.0000	1.000	1.000
Prescription Drug-Medicare Part D 2007	1.0000	0.000	0.000
Prescription Drug-Non-Medicare Part D 2007	1.0000	1.000	1.100
Dental 2006	1.0000	1.000	0.166
Dental 2007	1.0000	1.000	0.000

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Total For All Aid Categories												
All Ages												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development					Fiscal Year 2007 Rate Development			
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			16,050,953					15,080,058				14,652,707
Home Health Care	39	897	2.92	1.030	1.033	3.11	1.020	3.17	1.097	1.000	1.010	3.51
IP - Maternity	61	789	4.02	1.007	1.027	4.16	1.107	4.60	1.076	1.000	1.030	5.10
IP - Newborn	85	908	6.41	1.007	1.027	6.63	1.135	7.53	1.076	1.000	1.029	8.34
IP - Medical	352	679	19.90	1.007	1.027	20.58	0.952	19.58	1.076	0.979	0.986	20.35
IP - Surgery	95	1,420	11.26	1.007	1.027	11.64	0.879	10.24	1.076	0.978	0.957	10.31
IP - Other	23	2,139	4.07	1.007	1.027	4.21	0.961	4.048	1.076	0.980	0.989	4.22
Subtotal - Inpatient	615	890	45.66			47.22	0.974	46.00	1.076	0.984	0.992	48.32
OP - Emergency Room	748	199	12.41	1.022	1.014	12.87	0.986	12.70	1.138	0.992	0.995	14.26
OP - Laboratory	762	22	1.38	1.022	1.014	1.43	0.937	1.34	1.138	0.985	0.979	1.47
OP - Radiology	612	95	4.84	1.022	1.014	5.02	0.849	4.26	1.138	0.982	0.942	4.49
OP - Surgery	165	1,004	13.83	1.022	1.014	14.34	0.880	12.62	1.138	0.990	0.955	13.58
OP - Other	388	356	11.51	1.022	1.014	11.94	0.992	11.85	1.138	0.991	1.000	13.37
Subtotal - Outpatient	2,676	197	43.98			45.61	0.938	42.77	1.138	0.990	0.979	47.18
Prof - Evaluation & Management	5,716	53	25.37	1.059	1.007	27.07	0.963	26.08	1.097	0.989	0.987	27.94
Prof - Maternity	56	592	2.77	1.059	1.007	2.96	1.105	3.27	1.097	1.000	1.029	3.69
Prof - Surgery	564	162	7.60	1.059	1.007	8.11	0.851	6.90	1.097	1.000	0.940	7.12
Prof - DME/Supplies	261	185	4.02	1.059	1.007	4.29	0.925	3.96	1.097	1.000	0.974	4.23
Prof - Lab	3,546	14	4.12	1.059	1.007	4.40	0.923	4.06	1.097	0.984	0.973	4.26
Prof - Radiology	1,525	44	5.56	1.059	1.007	5.94	0.877	5.20	1.097	0.982	0.954	5.35
Prof - Transportation	617	63	3.26	1.059	1.007	3.48	0.985	3.43	1.097	1.000	0.997	3.75
Prof - Other	23,199	8	14.94	1.059	1.007	15.94	0.929	14.81	1.097	1.000	0.975	15.85
Subtotal - Professional	35,485	23	67.64			72.18	0.938	67.72	1.097	0.994	0.978	72.19
Total			\$ 160.20			\$ 168.12	0.950	\$ 159.66	1.102	0.990	0.983	\$ 171.20
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 174.61			\$ 183.23		\$ 174.01				\$ 186.59

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Medicaid (TANF & Related)												
All Ages												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			7,849,082					8,432,363				8,493,897
Home Health Care	12	346	0.35	1.030	1.033	0.37	0.947	0.35	1.097	1.000	0.997	0.39
IP - Maternity	108	787	7.06	1.007	1.027	7.30	1.002	7.31	1.076	1.000	1.001	7.88
IP - Newborn	142	857	10.18	1.007	1.027	10.52	1.021	10.74	1.076	1.000	0.997	11.53
IP - Medical	172	769	11.05	1.007	1.027	11.43	0.965	11.03	1.076	0.984	1.000	11.69
IP - Surgery	55	1,357	6.26	1.007	1.027	6.48	0.957	6.20	1.076	0.982	1.000	6.55
IP - Other	8	4,580	3.17	1.007	1.027	3.28	0.969	3.177	1.076	0.984	0.999	3.36
Subtotal - Inpatient	486	931	37.72			39.00	0.986	38.46	1.076	0.991	0.999	41.00
OP - Emergency Room	871	184	13.40	1.022	1.014	13.89	0.995	13.83	1.138	0.995	1.000	15.66
OP - Laboratory	597	23	1.15	1.022	1.014	1.19	0.987	1.18	1.138	0.988	1.001	1.32
OP - Radiology	424	90	3.17	1.022	1.014	3.29	0.968	3.18	1.138	0.986	1.001	3.57
OP - Surgery	132	931	10.26	1.022	1.014	10.64	0.978	10.41	1.138	0.993	1.000	11.76
OP - Other	303	183	4.61	1.022	1.014	4.78	0.975	4.66	1.138	0.993	1.000	5.27
Subtotal - Outpatient	2,327	168	32.59			33.79	0.984	33.26	1.138	0.993	1.000	37.58
Prof - Evaluation & Management	5,717	55	26.02	1.059	1.007	27.77	0.996	27.64	1.097	0.993	1.000	30.11
Prof - Maternity	98	597	4.90	1.059	1.007	5.23	1.002	5.23	1.097	1.000	1.001	5.75
Prof - Surgery	444	143	5.28	1.059	1.007	5.63	0.974	5.49	1.097	1.000	1.000	6.02
Prof - DME/Supplies	115	149	1.43	1.059	1.007	1.52	0.960	1.46	1.097	1.000	1.000	1.60
Prof - Lab	3,544	14	4.01	1.059	1.007	4.28	0.990	4.24	1.097	0.987	1.001	4.60
Prof - Radiology	1,222	42	4.26	1.059	1.007	4.54	0.975	4.43	1.097	0.985	1.001	4.79
Prof - Transportation	190	86	1.36	1.059	1.007	1.45	0.975	1.41	1.097	1.000	1.000	1.55
Prof - Other	8,324	15	10.19	1.059	1.007	10.88	0.979	10.65	1.097	1.000	1.000	11.68
Subtotal - Professional	19,654	35	57.45			61.30	0.988	60.56	1.097	0.995	1.000	66.09
Total			\$ 128.10			\$ 134.48	0.986	\$ 132.64	1.101	0.993	1.000	\$ 145.06
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 139.62			\$ 146.57		\$ 144.56				\$ 158.11

TennCare
FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: Statewide

Exhibit 4

Medicaid (TANF & Related)												
Age Under 1												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			242,916					272,486				272,239
Home Health Care	31	191	0.49	1.030	1.033	0.52	1.000	0.52	1.097	1.000	1.000	0.57
IP - Maternity	3	845	0.24	1.007	1.027	0.25	1.000	0.25	1.076	1.000	1.000	0.27
IP - Newborn	1,597	1,093	145.53	1.007	1.027	150.50	1.000	150.50	1.076	1.000	1.000	161.98
IP - Medical	456	957	36.33	1.007	1.027	37.57	1.000	37.57	1.076	1.000	1.000	40.44
IP - Surgery	159	1,500	19.85	1.007	1.027	20.53	1.000	20.53	1.076	1.000	1.000	22.10
IP - Other	66	3,581	19.71	1.007	1.027	20.38	1.000	20.380	1.076	1.000	1.000	21.93
Subtotal - Inpatient	2,281	1,166	221.66			229.24	1.000	229.24	1.076	1.000	1.000	246.72
OP - Emergency Room	1,005	180	15.07	1.022	1.014	15.63	1.000	15.63	1.138	1.000	1.000	17.78
OP - Laboratory	554	20	0.92	1.022	1.014	0.96	1.000	0.96	1.138	1.000	1.000	1.09
OP - Radiology	429	60	2.16	1.022	1.014	2.24	1.000	2.24	1.138	1.000	1.000	2.55
OP - Surgery	79	877	5.75	1.022	1.014	5.96	1.000	5.96	1.138	1.000	1.000	6.78
OP - Other	277	163	3.76	1.022	1.014	3.89	1.000	3.89	1.138	1.000	1.000	4.43
Subtotal - Outpatient	2,344	142	27.65			28.68	1.000	28.68	1.138	1.000	1.000	32.63
Prof - Evaluation & Management	12,958	65	70.52	1.059	1.007	75.26	1.000	75.26	1.097	1.000	1.000	82.54
Prof - Maternity	0	936	0.03	1.059	1.007	0.03	1.000	0.03	1.097	1.000	1.000	0.03
Prof - Surgery	486	160	6.49	1.059	1.007	6.92	1.000	6.92	1.097	1.000	1.000	7.59
Prof - DME/Supplies	252	149	3.13	1.059	1.007	3.34	1.000	3.34	1.097	1.000	1.000	3.66
Prof - Lab	1,127	11	1.04	1.059	1.007	1.10	1.000	1.10	1.097	1.000	1.000	1.21
Prof - Radiology	1,164	16	1.59	1.059	1.007	1.69	1.000	1.69	1.097	1.000	1.000	1.86
Prof - Transportation	121	181	1.82	1.059	1.007	1.95	1.000	1.95	1.097	1.000	1.000	2.13
Prof - Other	20,140	11	18.16	1.059	1.007	19.38	1.000	19.38	1.097	1.000	1.000	21.25
Subtotal - Professional	36,247	34	102.77			109.67	1.000	109.67	1.097	1.000	1.000	120.28
Total			\$ 352.57			\$ 368.10	1.000	\$ 368.10	1.087	1.000	1.000	\$ 400.19
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 384.27			\$ 401.20		\$ 401.20				\$ 436.18

TennCare
FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: Statewide

Exhibit 4

Medicaid (TANF & Related)												
Age 1 - 13												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			4,191,136					4,521,712				4,551,992
Home Health Care	10	352	0.29	1.030	1.033	0.31	1.000	0.31	1.097	1.000	1.000	0.34
IP - Maternity	0	816	0.02	1.007	1.027	0.02	1.000	0.02	1.076	1.000	1.000	0.02
IP - Newborn	31	846	2.20	1.007	1.027	2.28	1.000	2.28	1.076	1.000	1.000	2.45
IP - Medical	66	717	3.97	1.007	1.027	4.10	1.000	4.10	1.076	1.000	1.000	4.41
IP - Surgery	13	1,179	1.30	1.007	1.027	1.35	1.000	1.35	1.076	1.000	1.000	1.45
IP - Other	3	2,304	0.64	1.007	1.027	0.66	1.000	0.664	1.076	1.000	1.000	0.71
Subtotal - Inpatient	114	852	8.12			8.40	1.000	8.40	1.076	1.000	1.000	9.04
OP - Emergency Room	697	166	9.64	1.022	1.014	9.99	1.000	9.99	1.138	1.000	1.000	11.37
OP - Laboratory	315	21	0.55	1.022	1.014	0.57	1.000	0.57	1.138	1.000	1.000	0.65
OP - Radiology	172	72	1.04	1.022	1.014	1.07	1.000	1.07	1.138	1.000	1.000	1.22
OP - Surgery	76	1,027	6.47	1.022	1.014	6.70	1.000	6.70	1.138	1.000	1.000	7.63
OP - Other	228	142	2.71	1.022	1.014	2.81	1.000	2.81	1.138	1.000	1.000	3.19
Subtotal - Outpatient	1,487	165	20.40			21.15	1.000	21.15	1.138	1.000	1.000	24.07
Prof - Evaluation & Management	4,549	51	19.43	1.059	1.007	20.74	1.000	20.74	1.097	1.000	1.000	22.75
Prof - Maternity	0	569	0.00	1.059	1.007	0.00	1.000	0.00	1.097	1.000	1.000	0.00
Prof - Surgery	273	96	2.18	1.059	1.007	2.33	1.000	2.33	1.097	1.000	1.000	2.55
Prof - DME/Supplies	66	123	0.67	1.059	1.007	0.72	1.000	0.72	1.097	1.000	1.000	0.79
Prof - Lab	1,607	10	1.30	1.059	1.007	1.38	1.000	1.38	1.097	1.000	1.000	1.52
Prof - Radiology	466	19	0.74	1.059	1.007	0.79	1.000	0.79	1.097	1.000	1.000	0.86
Prof - Transportation	76	89	0.56	1.059	1.007	0.60	1.000	0.60	1.097	1.000	1.000	0.66
Prof - Other	6,339	12	6.35	1.059	1.007	6.78	1.000	6.78	1.097	1.000	1.000	7.43
Subtotal - Professional	13,375	28	31.25			33.34	1.000	33.34	1.097	1.000	1.000	36.57
Total			\$ 60.06			\$ 63.21	1.000	\$ 63.21	1.108	1.000	1.000	\$ 70.02
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 65.47			\$ 68.90		\$ 68.90				\$ 76.32

TennCare
FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: Statewide

Exhibit 4

Medicaid (TANF & Related)												
Age 14 - 20 Female												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			764,637					841,183				848,536
Home Health Care	4	231	0.08	1.030	1.033	0.08	1.000	0.08	1.097	1.000	1.000	0.09
IP - Maternity	312	743	19.30	1.007	1.027	19.96	1.000	19.96	1.076	1.000	1.000	21.48
IP - Newborn	217	721	13.03	1.007	1.027	13.47	1.000	13.47	1.076	1.000	1.000	14.50
IP - Medical	119	738	7.33	1.007	1.027	7.58	1.000	7.58	1.076	1.000	1.000	8.16
IP - Surgery	40	1,093	3.61	1.007	1.027	3.73	1.000	3.73	1.076	1.000	1.000	4.02
IP - Other	5	6,134	2.51	1.007	1.027	2.60	1.000	2.600	1.076	1.000	1.000	2.80
Subtotal - Inpatient	692	794	45.78			47.34	1.000	47.34	1.076	1.000	1.000	50.95
OP - Emergency Room	929	193	14.91	1.022	1.014	15.46	1.000	15.46	1.138	1.000	1.000	17.59
OP - Laboratory	800	23	1.54	1.022	1.014	1.60	1.000	1.60	1.138	1.000	1.000	1.82
OP - Radiology	387	85	2.75	1.022	1.014	2.85	1.000	2.85	1.138	1.000	1.000	3.24
OP - Surgery	132	606	6.67	1.022	1.014	6.91	1.000	6.91	1.138	1.000	1.000	7.86
OP - Other	297	176	4.36	1.022	1.014	4.52	1.000	4.52	1.138	1.000	1.000	5.14
Subtotal - Outpatient	2,545	143	30.22			31.34	1.000	31.34	1.138	1.000	1.000	35.65
Prof - Evaluation & Management	5,579	57	26.33	1.059	1.007	28.10	1.000	28.10	1.097	1.000	1.000	30.81
Prof - Maternity	263	618	13.55	1.059	1.007	14.46	1.000	14.46	1.097	1.000	1.000	15.86
Prof - Surgery	371	119	3.69	1.059	1.007	3.94	1.000	3.94	1.097	1.000	1.000	4.32
Prof - DME/Supplies	47	144	0.56	1.059	1.007	0.60	1.000	0.60	1.097	1.000	1.000	0.65
Prof - Lab	6,220	14	7.46	1.059	1.007	7.96	1.000	7.96	1.097	1.000	1.000	8.73
Prof - Radiology	1,402	49	5.69	1.059	1.007	6.07	1.000	6.07	1.097	1.000	1.000	6.66
Prof - Transportation	217	86	1.55	1.059	1.007	1.65	1.000	1.65	1.097	1.000	1.000	1.81
Prof - Other	6,516	19	10.56	1.059	1.007	11.27	1.000	11.27	1.097	1.000	1.000	12.36
Subtotal - Professional	20,615	40	69.38			74.04	1.000	74.04	1.097	1.000	1.000	81.20
Total			\$ 145.45			\$ 152.80	1.000	\$ 152.80	1.099	1.000	1.000	\$ 167.90
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 158.53			\$ 166.54		\$ 166.54				\$ 182.99

TennCare
FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: Statewide

Exhibit 4

Medicaid (TANF & Related)												
Age 14 - 20 Male												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			609,277					679,262				686,045
Home Health Care	4	206	0.07	1.030	1.033	0.08	1.000	0.08	1.097	1.000	1.000	0.08
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	0	1,196	0.01	1.007	1.027	0.01	1.000	0.01	1.076	1.000	1.000	0.01
IP - Medical	59	993	4.84	1.007	1.027	5.01	1.000	5.01	1.076	1.000	1.000	5.39
IP - Surgery	26	1,581	3.42	1.007	1.027	3.54	1.000	3.54	1.076	1.000	1.000	3.81
IP - Other	3	4,469	1.02	1.007	1.027	1.05	1.000	1.055	1.076	1.000	1.000	1.14
Subtotal - Inpatient	87	1,277	9.30			9.61	1.000	9.61	1.076	1.000	1.000	10.35
OP - Emergency Room	563	190	8.89	1.022	1.014	9.22	1.000	9.22	1.138	1.000	1.000	10.49
OP - Laboratory	232	23	0.44	1.022	1.014	0.45	1.000	0.45	1.138	1.000	1.000	0.52
OP - Radiology	227	101	1.90	1.022	1.014	1.97	1.000	1.97	1.138	1.000	1.000	2.25
OP - Surgery	52	1,047	4.55	1.022	1.014	4.72	1.000	4.72	1.138	1.000	1.000	5.36
OP - Other	117	215	2.09	1.022	1.014	2.17	1.000	2.17	1.138	1.000	1.000	2.47
Subtotal - Outpatient	1,191	180	17.88			18.54	1.000	18.54	1.138	1.000	1.000	21.09
Prof - Evaluation & Management	2,897	54	12.95	1.059	1.007	13.82	1.000	13.82	1.097	1.000	1.000	15.16
Prof - Maternity	0	1,012	0.00	1.059	1.007	0.00	1.000	0.00	1.097	1.000	1.000	0.00
Prof - Surgery	297	131	3.23	1.059	1.007	3.44	1.000	3.44	1.097	1.000	1.000	3.78
Prof - DME/Supplies	61	148	0.75	1.059	1.007	0.80	1.000	0.80	1.097	1.000	1.000	0.87
Prof - Lab	1,300	11	1.20	1.059	1.007	1.28	1.000	1.28	1.097	1.000	1.000	1.40
Prof - Radiology	853	25	1.75	1.059	1.007	1.87	1.000	1.87	1.097	1.000	1.000	2.05
Prof - Transportation	129	104	1.12	1.059	1.007	1.20	1.000	1.20	1.097	1.000	1.000	1.31
Prof - Other	5,125	13	5.45	1.059	1.007	5.82	1.000	5.82	1.097	1.000	1.000	6.38
Subtotal - Professional	10,661	30	26.45			28.23	1.000	28.23	1.097	1.000	1.000	30.96
Total			\$ 53.70			\$ 56.45	1.000	\$ 56.45	1.107	1.000	1.000	\$ 62.48
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 58.52			\$ 61.53		\$ 61.53				\$ 68.10

TennCare
FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Exhibit 4

Medicaid (TANF & Related)												
Age 21 - 44 Female												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			1,602,425					1,710,504				1,724,921
Home Health Care	12	301	0.29	1.030	1.033	0.31	1.000	0.31	1.097	1.000	1.000	0.34
IP - Maternity	377	805	25.27	1.007	1.027	26.13	1.000	26.13	1.076	1.000	1.000	28.12
IP - Newborn	270	701	15.75	1.007	1.027	16.29	1.000	16.29	1.076	1.000	1.000	17.53
IP - Medical	272	774	17.57	1.007	1.027	18.17	1.000	18.17	1.076	0.974	1.000	19.05
IP - Surgery	97	1,257	10.11	1.007	1.027	10.45	1.000	10.45	1.076	0.974	1.000	10.96
IP - Other	7	8,680	4.86	1.007	1.027	5.03	1.000	5.029	1.076	0.974	1.000	5.27
Subtotal - Inpatient	1,022	864	73.56			76.08	1.000	76.08	1.076	0.988	1.000	80.94
OP - Emergency Room	1,363	197	22.42	1.022	1.014	23.25	1.000	23.25	1.138	0.987	1.000	26.10
OP - Laboratory	1,219	24	2.48	1.022	1.014	2.57	1.000	2.57	1.138	0.979	1.000	2.86
OP - Radiology	869	91	6.61	1.022	1.014	6.85	1.000	6.85	1.138	0.979	1.000	7.63
OP - Surgery	262	864	18.88	1.022	1.014	19.58	1.000	19.58	1.138	0.987	1.000	21.98
OP - Other	495	190	7.82	1.022	1.014	8.11	1.000	8.11	1.138	0.987	1.000	9.10
Subtotal - Outpatient	4,208	166	58.20			60.35	1.000	60.35	1.138	0.986	1.000	67.69
Prof - Evaluation & Management	7,983	56	37.48	1.059	1.007	40.00	1.000	40.00	1.097	0.982	1.000	43.08
Prof - Maternity	356	590	17.48	1.059	1.007	18.66	1.000	18.66	1.097	1.000	1.000	20.46
Prof - Surgery	757	169	10.67	1.059	1.007	11.38	1.000	11.38	1.097	1.000	1.000	12.49
Prof - DME/Supplies	148	158	1.95	1.059	1.007	2.08	1.000	2.08	1.097	1.000	1.000	2.28
Prof - Lab	8,095	15	10.35	1.059	1.007	11.05	1.000	11.05	1.097	0.979	1.000	11.86
Prof - Radiology	2,648	52	11.37	1.059	1.007	12.13	1.000	12.13	1.097	0.979	1.000	13.03
Prof - Transportation	338	83	2.34	1.059	1.007	2.49	1.000	2.49	1.097	1.000	1.000	2.73
Prof - Other	9,389	18	14.26	1.059	1.007	15.22	1.000	15.22	1.097	1.000	1.000	16.69
Subtotal - Professional	29,711	43	105.90			113.02	1.000	113.02	1.097	0.989	1.000	122.63
Total			\$ 237.96			\$ 249.75	1.000	\$ 249.75	1.100	0.988	1.000	\$ 271.59
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 259.36			\$ 272.21		\$ 272.21				\$ 296.01

TennCare
FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: Statewide

Exhibit 4

Medicaid (TANF & Related)												
Age 21 - 44 Male												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			182,166					177,957				180,117
Home Health Care	29	202	0.48	1.030	1.033	0.51	1.000	0.51	1.097	1.000	1.000	0.56
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	4	514	0.19	1.007	1.027	0.20	1.000	0.20	1.076	1.000	1.000	0.21
IP - Medical	502	942	39.40	1.007	1.027	40.75	1.000	40.75	1.076	0.974	1.000	42.72
IP - Surgery	228	1,805	34.25	1.007	1.027	35.42	1.000	35.42	1.076	0.974	1.000	37.13
IP - Other	18	8,077	12.40	1.007	1.027	12.83	1.000	12.827	1.076	0.974	1.000	13.45
Subtotal - Inpatient	752	1,375	86.24			89.19	1.000	89.19	1.076	0.974	1.000	93.50
OP - Emergency Room	1,325	188	20.81	1.022	1.014	21.58	1.000	21.58	1.138	0.987	1.000	24.23
OP - Laboratory	749	21	1.33	1.022	1.014	1.37	1.000	1.37	1.138	0.979	1.000	1.53
OP - Radiology	733	134	8.17	1.022	1.014	8.47	1.000	8.47	1.138	0.979	1.000	9.43
OP - Surgery	220	1,086	19.88	1.022	1.014	20.61	1.000	20.61	1.138	0.987	1.000	23.15
OP - Other	383	273	8.71	1.022	1.014	9.03	1.000	9.03	1.138	0.987	1.000	10.14
Subtotal - Outpatient	3,410	207	58.89			61.06	1.000	61.06	1.138	0.986	1.000	68.48
Prof - Evaluation & Management	6,655	55	30.61	1.059	1.007	32.67	1.000	32.67	1.097	0.982	1.000	35.18
Prof - Maternity	1	703	0.06	1.059	1.007	0.06	1.000	0.06	1.097	1.000	1.000	0.07
Prof - Surgery	905	187	14.09	1.059	1.007	15.03	1.000	15.03	1.097	1.000	1.000	16.49
Prof - DME/Supplies	332	201	5.58	1.059	1.007	5.95	1.000	5.95	1.097	1.000	1.000	6.53
Prof - Lab	2,925	14	3.41	1.059	1.007	3.64	1.000	3.64	1.097	0.979	1.000	3.91
Prof - Radiology	2,550	42	8.92	1.059	1.007	9.52	1.000	9.52	1.097	0.979	1.000	10.22
Prof - Transportation	396	105	3.47	1.059	1.007	3.70	1.000	3.70	1.097	1.000	1.000	4.06
Prof - Other	14,560	12	14.01	1.059	1.007	14.95	1.000	14.95	1.097	1.000	1.000	16.39
Subtotal - Professional	28,324	34	80.14			85.52	1.000	85.52	1.097	0.990	1.000	92.85
Total			\$ 225.75			\$ 236.29	1.000	\$ 236.29	1.100	0.983	1.000	\$ 255.39
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 246.05			\$ 257.53		\$ 257.53				\$ 278.36

TennCare
FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: Statewide

Exhibit 4

Medicaid (TANF & Related)												
Age 45 - 64												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			223,115					203,274				204,657
Home Health Care	65	386	2.09	1.030	1.033	2.22	1.000	2.22	1.097	1.000	1.000	2.44
IP - Maternity	2	741	0.13	1.007	1.027	0.14	1.000	0.14	1.076	1.000	1.000	0.15
IP - Newborn	2	545	0.09	1.007	1.027	0.10	1.000	0.10	1.076	1.000	1.000	0.10
IP - Medical	1,152	726	69.71	1.007	1.027	72.10	1.000	72.10	1.076	0.974	1.000	75.58
IP - Surgery	414	1,431	49.32	1.007	1.027	51.01	1.000	51.01	1.076	0.974	1.000	53.47
IP - Other	54	4,179	18.75	1.007	1.027	19.39	1.000	19.392	1.076	0.974	1.000	20.33
Subtotal - Inpatient	1,624	1,020	138.01			142.73	1.000	142.73	1.076	0.974	1.000	149.63
OP - Emergency Room	856	278	19.83	1.022	1.014	20.57	1.000	20.57	1.138	0.987	1.000	23.09
OP - Laboratory	1,588	25	3.33	1.022	1.014	3.46	1.000	3.46	1.138	0.979	1.000	3.85
OP - Radiology	2,313	105	20.29	1.022	1.014	21.04	1.000	21.04	1.138	0.979	1.000	23.43
OP - Surgery	465	1,131	43.80	1.022	1.014	45.42	1.000	45.42	1.138	0.987	1.000	51.00
OP - Other	791	301	19.85	1.022	1.014	20.58	1.000	20.58	1.138	0.987	1.000	23.11
Subtotal - Outpatient	6,013	214	107.10			111.06	1.000	111.06	1.138	0.985	1.000	124.49
Prof - Evaluation & Management	11,133	55	50.87	1.059	1.007	54.29	1.000	54.29	1.097	0.982	1.000	58.47
Prof - Maternity	2	426	0.08	1.059	1.007	0.08	1.000	0.08	1.097	1.000	1.000	0.09
Prof - Surgery	1,644	197	27.04	1.059	1.007	28.85	1.000	28.85	1.097	1.000	1.000	31.64
Prof - DME/Supplies	835	158	10.99	1.059	1.007	11.73	1.000	11.73	1.097	1.000	1.000	12.87
Prof - Lab	7,480	15	9.33	1.059	1.007	9.95	1.000	9.95	1.097	0.979	1.000	10.69
Prof - Radiology	4,528	53	20.12	1.059	1.007	21.47	1.000	21.47	1.097	0.979	1.000	23.05
Prof - Transportation	1,089	70	6.32	1.059	1.007	6.74	1.000	6.74	1.097	1.000	1.000	7.39
Prof - Other	32,751	19	51.37	1.059	1.007	54.82	1.000	54.82	1.097	1.000	1.000	60.12
Subtotal - Professional	59,462	36	176.11			187.94	1.000	187.94	1.097	0.991	1.000	204.33
Total			\$ 423.32			\$ 443.95	1.000	\$ 443.95	1.100	0.984	1.000	\$ 480.88
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 461.38			\$ 483.87		\$ 483.87				\$ 524.12

TennCare
FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: Statewide

Exhibit 4

Medicaid (TANF & Related)												
Age 65+												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			33,410					25,986				25,389
Home Health Care	70	1,480	8.57	1.030	1.033	9.12	1.000	9.12	1.097	1.000	1.000	10.00
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	11	1,332	1.21	1.007	1.027	1.25	1.000	1.25	1.076	1.000	1.000	1.35
IP - Medical	1,581	416	54.75	1.007	1.027	56.62	1.000	56.62	1.076	0.974	1.000	59.35
IP - Surgery	174	1,197	17.35	1.007	1.027	17.95	1.000	17.95	1.076	0.974	1.000	18.81
IP - Other	107	2,109	18.88	1.007	1.027	19.52	1.000	19.524	1.076	0.974	1.000	20.47
Subtotal - Inpatient	1,873	591	92.19			95.34	1.000	95.34	1.076	0.974	1.000	99.98
OP - Emergency Room	168	335	4.70	1.022	1.014	4.87	1.000	4.87	1.138	0.987	1.000	5.47
OP - Laboratory	1,012	24	2.04	1.022	1.014	2.12	1.000	2.12	1.138	0.979	1.000	2.36
OP - Radiology	794	81	5.34	1.022	1.014	5.54	1.000	5.54	1.138	0.979	1.000	6.17
OP - Surgery	178	1,022	15.14	1.022	1.014	15.69	1.000	15.69	1.138	0.987	1.000	17.62
OP - Other	445	642	23.81	1.022	1.014	24.69	1.000	24.69	1.138	0.987	1.000	27.73
Subtotal - Outpatient	2,597	236	51.03			52.92	1.000	52.92	1.138	0.986	1.000	59.35
Prof - Evaluation & Management	4,302	53	18.86	1.059	1.007	20.13	1.000	20.13	1.097	0.982	1.000	21.68
Prof - Maternity	0	125	0.00	1.059	1.007	0.00	1.000	0.00	1.097	1.000	1.000	0.00
Prof - Surgery	503	172	7.21	1.059	1.007	7.70	1.000	7.70	1.097	1.000	1.000	8.44
Prof - DME/Supplies	303	154	3.88	1.059	1.007	4.14	1.000	4.14	1.097	1.000	1.000	4.54
Prof - Lab	2,665	13	2.87	1.059	1.007	3.06	1.000	3.06	1.097	0.979	1.000	3.28
Prof - Radiology	1,468	47	5.71	1.059	1.007	6.09	1.000	6.09	1.097	0.979	1.000	6.54
Prof - Transportation	1,178	63	6.18	1.059	1.007	6.59	1.000	6.59	1.097	1.000	1.000	7.23
Prof - Other	22,818	11	21.50	1.059	1.007	22.95	1.000	22.95	1.097	1.000	1.000	25.17
Subtotal - Professional	33,238	24	66.21			70.66	1.000	70.66	1.097	0.992	1.000	76.89
Total			\$ 218.01			\$ 228.04	1.000	\$ 228.04	1.098	0.984	1.000	\$ 246.22
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 237.61			\$ 248.54		\$ 248.54				\$ 268.36

**TennCare
FY 2007 Per Capita Cost Development**

Exhibit 4

Development of Per Capita Costs: **Statewide**

Medically Needy All Ages												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			1,943,522					1,787,883				1,775,045
Home Health Care	36	1,101	3.29	1.030	1.033	3.50	1.048	3.66	1.097	1.000	1.004	4.03
IP - Maternity	34	782	2.19	1.007	1.027	2.26	0.991	2.24	1.076	1.000	0.999	2.41
IP - Newborn	29	781	1.86	1.007	1.027	1.92	0.977	1.88	1.076	1.000	0.998	2.01
IP - Medical	258	713	15.33	1.007	1.027	15.86	1.028	16.30	1.076	0.978	1.002	17.19
IP - Surgery	81	1,461	9.81	1.007	1.027	10.15	1.039	10.55	1.076	0.978	1.003	11.13
IP - Other	15	3,517	4.31	1.007	1.027	4.45	1.056	4.702	1.076	0.981	1.004	4.98
Subtotal - Inpatient	415	967	33.50			34.64	1.029	35.66	1.076	0.981	1.002	37.73
OP - Emergency Room	718	191	11.44	1.022	1.014	11.86	1.007	11.94	1.138	0.992	1.000	13.48
OP - Laboratory	701	18	1.02	1.022	1.014	1.06	1.005	1.07	1.138	0.985	1.000	1.20
OP - Radiology	594	98	4.87	1.022	1.014	5.05	1.021	5.15	1.138	0.982	1.002	5.77
OP - Surgery	148	1,028	12.70	1.022	1.014	13.17	1.006	13.25	1.138	0.990	1.001	14.92
OP - Other	296	425	10.49	1.022	1.014	10.88	1.024	11.14	1.138	0.989	1.002	12.55
Subtotal - Outpatient	2,457	198	40.52			42.01	1.013	42.54	1.138	0.989	1.001	47.92
Prof - Evaluation & Management	4,817	53	21.44	1.059	1.007	22.88	0.993	22.73	1.097	0.988	0.999	24.63
Prof - Maternity	34	554	1.55	1.059	1.007	1.65	0.990	1.64	1.097	1.000	0.999	1.79
Prof - Surgery	514	168	7.18	1.059	1.007	7.67	1.016	7.79	1.097	1.000	1.001	8.56
Prof - DME/Supplies	179	168	2.51	1.059	1.007	2.67	1.030	2.76	1.097	1.000	1.003	3.03
Prof - Lab	3,098	15	3.76	1.059	1.007	4.02	1.001	4.02	1.097	0.985	1.000	4.34
Prof - Radiology	1,471	45	5.48	1.059	1.007	5.85	1.019	5.96	1.097	0.983	1.002	6.44
Prof - Transportation	579	63	3.02	1.059	1.007	3.22	1.035	3.34	1.097	1.000	1.003	3.67
Prof - Other	15,238	10	12.81	1.059	1.007	13.67	1.014	13.86	1.097	1.000	1.001	15.22
Subtotal - Professional	25,929	27	57.76			61.64	1.007	62.09	1.097	0.993	1.001	67.67
Total			\$ 135.06			\$ 141.78	1.015	\$ 143.96	1.104	0.989	1.001	\$ 157.35
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 147.20			\$ 154.53		\$ 156.90				\$ 171.50

TennCare
FY 2007 Per Capita Cost Development

Exhibit 4

Development of Per Capita Costs: **Statewide**

Medically Needy												
Age Under 1												
	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
Service Category	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			2,290					613				517
Home Health Care	16	192	0.25	1.030	1.033	0.27	1.000	0.27	1.097	1.000	1.000	0.30
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	512	711	30.31	1.007	1.027	31.35	1.000	31.35	1.076	1.000	1.000	33.74
IP - Medical	328	751	20.50	1.007	1.027	21.20	1.000	21.20	1.076	1.000	1.000	22.82
IP - Surgery	227	747	14.11	1.007	1.027	14.59	1.000	14.59	1.076	1.000	1.000	15.70
IP - Other	47	299	1.18	1.007	1.027	1.22	1.000	1.217	1.076	1.000	1.000	1.31
Subtotal - Inpatient	1,113	712	66.10			68.36	1.000	68.36	1.076	1.000	1.000	73.57
OP - Emergency Room	1,050	176	15.36	1.022	1.014	15.93	1.000	15.93	1.138	1.000	1.000	18.13
OP - Laboratory	866	27	1.97	1.022	1.014	2.04	1.000	2.04	1.138	1.000	1.000	2.33
OP - Radiology	285	97	2.29	1.022	1.014	2.38	1.000	2.38	1.138	1.000	1.000	2.70
OP - Surgery	100	1,774	14.83	1.022	1.014	15.38	1.000	15.38	1.138	1.000	1.000	17.50
OP - Other	254	186	3.94	1.022	1.014	4.09	1.000	4.09	1.138	1.000	1.000	4.65
Subtotal - Outpatient	2,555	180	38.40			39.82	1.000	39.82	1.138	1.000	1.000	45.31
Prof - Evaluation & Management	12,152	56	56.62	1.059	1.007	60.42	1.000	60.42	1.097	1.000	1.000	66.26
Prof - Maternity	-	-	-	1.059	1.007	-	1.000	-	1.097	1.000	1.000	-
Prof - Surgery	311	210	5.46	1.059	1.007	5.82	1.000	5.82	1.097	1.000	1.000	6.39
Prof - DME/Supplies	258	154	3.30	1.059	1.007	3.53	1.000	3.53	1.097	1.000	1.000	3.87
Prof - Lab	1,078	14	1.27	1.059	1.007	1.36	1.000	1.36	1.097	1.000	1.000	1.49
Prof - Radiology	1,226	18	1.88	1.059	1.007	2.00	1.000	2.00	1.097	1.000	1.000	2.20
Prof - Transportation	148	271	3.33	1.059	1.007	3.55	1.000	3.55	1.097	1.000	1.000	3.89
Prof - Other	28,014	11	25.89	1.059	1.007	27.63	1.000	27.63	1.097	1.000	1.000	30.31
Subtotal - Professional	43,187	27	97.75			104.32	1.000	104.32	1.097	1.000	1.000	114.41
Total			\$ 202.50			\$ 212.76	1.000	\$ 212.76	1.098	1.000	1.000	\$ 233.58
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 220.71			\$ 231.89		\$ 231.89				\$ 254.58

**TennCare
FY 2007 Per Capita Cost Development**

Exhibit 4

Development of Per Capita Costs: **Statewide**

Medically Needy Age 1 - 13												
	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
Service Category	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			407,596					324,552				318,260
Home Health Care	7	1,156	0.65	1.030	1.033	0.69	1.000	0.69	1.097	1.000	1.000	0.76
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	3	497	0.11	1.007	1.027	0.11	1.000	0.11	1.076	1.000	1.000	0.12
IP - Medical	65	689	3.75	1.007	1.027	3.88	1.000	3.88	1.076	1.000	1.000	4.18
IP - Surgery	12	1,059	1.04	1.007	1.027	1.07	1.000	1.07	1.076	1.000	1.000	1.15
IP - Other	2	2,684	0.44	1.007	1.027	0.45	1.000	0.451	1.076	1.000	1.000	0.49
Subtotal - Inpatient	82	783	5.34			5.52	1.000	5.52	1.076	1.000	1.000	5.94
OP - Emergency Room	600	144	7.19	1.022	1.014	7.46	1.000	7.46	1.138	1.000	1.000	8.49
OP - Laboratory	324	22	0.58	1.022	1.014	0.60	1.000	0.60	1.138	1.000	1.000	0.69
OP - Radiology	206	68	1.16	1.022	1.014	1.21	1.000	1.21	1.138	1.000	1.000	1.37
OP - Surgery	81	987	6.67	1.022	1.014	6.92	1.000	6.92	1.138	1.000	1.000	7.87
OP - Other	209	240	4.19	1.022	1.014	4.34	1.000	4.34	1.138	1.000	1.000	4.94
Subtotal - Outpatient	1,420	167	19.80			20.53	1.000	20.53	1.138	1.000	1.000	23.36
Prof - Evaluation & Management	4,515	49	18.46	1.059	1.007	19.70	1.000	19.70	1.097	1.000	1.000	21.61
Prof - Maternity	0	841	0.00	1.059	1.007	0.00	1.000	0.00	1.097	1.000	1.000	0.00
Prof - Surgery	291	100	2.41	1.059	1.007	2.58	1.000	2.58	1.097	1.000	1.000	2.83
Prof - DME/Supplies	62	144	0.75	1.059	1.007	0.80	1.000	0.80	1.097	1.000	1.000	0.87
Prof - Lab	1,636	11	1.44	1.059	1.007	1.53	1.000	1.53	1.097	1.000	1.000	1.68
Prof - Radiology	542	21	0.97	1.059	1.007	1.04	1.000	1.04	1.097	1.000	1.000	1.14
Prof - Transportation	48	122	0.49	1.059	1.007	0.52	1.000	0.52	1.097	1.000	1.000	0.57
Prof - Other	7,361	11	6.62	1.059	1.007	7.07	1.000	7.07	1.097	1.000	1.000	7.75
Subtotal - Professional	14,456	26	31.14			33.24	1.000	33.24	1.097	1.000	1.000	36.45
Total			\$ 56.93			\$ 59.97	1.000	\$ 59.97	1.109	1.000	1.000	\$ 66.51
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 62.05			\$ 65.37		\$ 65.37				\$ 72.49

**TennCare
FY 2007 Per Capita Cost Development**

Exhibit 4

Development of Per Capita Costs: **Statewide**

Medically Needy Age 14 - 20 Female												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			179,667					171,686				170,715
Home Health Care	3	107	0.03	1.030	1.033	0.03	1.000	0.03	1.097	1.000	1.000	0.03
IP - Maternity	127	741	7.85	1.007	1.027	8.12	1.000	8.12	1.076	1.000	1.000	8.74
IP - Newborn	103	753	6.48	1.007	1.027	6.71	1.000	6.71	1.076	1.000	1.000	7.22
IP - Medical	141	809	9.51	1.007	1.027	9.84	1.000	9.84	1.076	1.000	1.000	10.59
IP - Surgery	30	1,292	3.26	1.007	1.027	3.37	1.000	3.37	1.076	1.000	1.000	3.63
IP - Other	6	7,330	3.65	1.007	1.027	3.78	1.000	3.778	1.076	1.000	1.000	4.07
Subtotal - Inpatient	408	905	30.76			31.81	1.000	31.81	1.076	1.000	1.000	34.24
OP - Emergency Room	1,162	180	17.46	1.022	1.014	18.11	1.000	18.11	1.138	1.000	1.000	20.60
OP - Laboratory	885	20	1.45	1.022	1.014	1.51	1.000	1.51	1.138	1.000	1.000	1.71
OP - Radiology	464	91	3.54	1.022	1.014	3.67	1.000	3.67	1.138	1.000	1.000	4.18
OP - Surgery	136	784	8.92	1.022	1.014	9.25	1.000	9.25	1.138	1.000	1.000	10.52
OP - Other	292	184	4.48	1.022	1.014	4.64	1.000	4.64	1.138	1.000	1.000	5.28
Subtotal - Outpatient	2,939	146	35.85			37.17	1.000	37.17	1.138	1.000	1.000	42.29
Prof - Evaluation & Management	5,983	54	27.03	1.059	1.007	28.84	1.000	28.84	1.097	1.000	1.000	31.63
Prof - Maternity	114	577	5.49	1.059	1.007	5.86	1.000	5.86	1.097	1.000	1.000	6.43
Prof - Surgery	413	136	4.69	1.059	1.007	5.00	1.000	5.00	1.097	1.000	1.000	5.49
Prof - DME/Supplies	66	166	0.91	1.059	1.007	0.97	1.000	0.97	1.097	1.000	1.000	1.06
Prof - Lab	5,880	15	7.49	1.059	1.007	8.00	1.000	8.00	1.097	1.000	1.000	8.77
Prof - Radiology	1,557	44	5.65	1.059	1.007	6.03	1.000	6.03	1.097	1.000	1.000	6.62
Prof - Transportation	191	93	1.48	1.059	1.007	1.58	1.000	1.58	1.097	1.000	1.000	1.73
Prof - Other	8,327	13	9.11	1.059	1.007	9.73	1.000	9.73	1.097	1.000	1.000	10.67
Subtotal - Professional	22,530	33	61.86			66.01	1.000	66.01	1.097	1.000	1.000	72.40
Total			\$ 128.49			\$ 135.02	1.000	\$ 135.02	1.103	1.000	1.000	\$ 148.96
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 140.05			\$ 147.17		\$ 147.17				\$ 162.35

**TennCare
FY 2007 Per Capita Cost Development**

Exhibit 4

Development of Per Capita Costs: **Statewide**

Medically Needy Age 14 - 20 Male												
	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
Service Category	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			169,119					165,241				164,608
Home Health Care	5	235	0.10	1.030	1.033	0.11	1.000	0.11	1.097	1.000	1.000	0.12
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	0	1,380	0.04	1.007	1.027	0.04	1.000	0.04	1.076	1.000	1.000	0.05
IP - Medical	120	895	8.94	1.007	1.027	9.25	1.000	9.25	1.076	1.000	1.000	9.95
IP - Surgery	62	1,785	9.22	1.007	1.027	9.53	1.000	9.53	1.076	1.000	1.000	10.26
IP - Other	2	46,886	8.36	1.007	1.027	8.65	1.000	8.647	1.076	1.000	1.000	9.31
Subtotal - Inpatient	184	1,729	26.56			27.47	1.000	27.47	1.076	1.000	1.000	29.56
OP - Emergency Room	765	180	11.46	1.022	1.014	11.88	1.000	11.88	1.138	1.000	1.000	13.52
OP - Laboratory	941	7	0.54	1.022	1.014	0.56	1.000	0.56	1.138	1.000	1.000	0.64
OP - Radiology	255	89	1.89	1.022	1.014	1.96	1.000	1.96	1.138	1.000	1.000	2.23
OP - Surgery	63	949	4.99	1.022	1.014	5.17	1.000	5.17	1.138	1.000	1.000	5.88
OP - Other	157	249	3.26	1.022	1.014	3.38	1.000	3.38	1.138	1.000	1.000	3.85
Subtotal - Outpatient	2,181	122	22.14			22.96	1.000	22.96	1.138	1.000	1.000	26.12
Prof - Evaluation & Management	3,083	54	13.80	1.059	1.007	14.73	1.000	14.73	1.097	1.000	1.000	16.15
Prof - Maternity	-	-	-	1.059	1.007	-	1.000	-	1.097	1.000	1.000	-
Prof - Surgery	343	156	4.46	1.059	1.007	4.76	1.000	4.76	1.097	1.000	1.000	5.22
Prof - DME/Supplies	73	156	0.94	1.059	1.007	1.01	1.000	1.01	1.097	1.000	1.000	1.10
Prof - Lab	1,103	13	1.18	1.059	1.007	1.26	1.000	1.26	1.097	1.000	1.000	1.38
Prof - Radiology	1,112	28	2.55	1.059	1.007	2.73	1.000	2.73	1.097	1.000	1.000	2.99
Prof - Transportation	150	135	1.69	1.059	1.007	1.81	1.000	1.81	1.097	1.000	1.000	1.98
Prof - Other	4,731	15	5.79	1.059	1.007	6.18	1.000	6.18	1.097	1.000	1.000	6.78
Subtotal - Professional	10,595	34	30.43			32.47	1.000	32.47	1.097	1.000	1.000	35.61
Total			\$ 79.24			\$ 83.01	1.000	\$ 83.01	1.101	1.000	1.000	\$ 91.42
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 86.36			\$ 90.48		\$ 90.48				\$ 99.64

**TennCare
FY 2007 Per Capita Cost Development**

Exhibit 4

Development of Per Capita Costs: **Statewide**

Medically Needy Age 21 - 44 Female												
	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
Service Category	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			387,992					345,060				341,906
Home Health Care	13	247	0.27	1.030	1.033	0.28	1.000	0.28	1.097	1.000	1.000	0.31
IP - Maternity	109	804	7.30	1.007	1.027	7.55	1.000	7.55	1.076	1.000	1.000	8.12
IP - Newborn	88	805	5.92	1.007	1.027	6.12	1.000	6.12	1.076	1.000	1.000	6.59
IP - Medical	275	774	17.72	1.007	1.027	18.33	1.000	18.33	1.076	0.974	1.000	19.21
IP - Surgery	103	1,291	11.11	1.007	1.027	11.49	1.000	11.49	1.076	0.974	1.000	12.05
IP - Other	14	2,495	2.83	1.007	1.027	2.93	1.000	2.931	1.076	0.974	1.000	3.07
Subtotal - Inpatient	589	915	44.89			46.42	1.000	46.42	1.076	0.982	1.000	49.05
OP - Emergency Room	1,237	192	19.76	1.022	1.014	20.49	1.000	20.49	1.138	0.987	1.000	23.01
OP - Laboratory	936	21	1.67	1.022	1.014	1.73	1.000	1.73	1.138	0.979	1.000	1.93
OP - Radiology	952	101	8.03	1.022	1.014	8.32	1.000	8.32	1.138	0.979	1.000	9.27
OP - Surgery	261	979	21.26	1.022	1.014	22.05	1.000	22.05	1.138	0.987	1.000	24.76
OP - Other	427	229	8.15	1.022	1.014	8.45	1.000	8.45	1.138	0.987	1.000	9.49
Subtotal - Outpatient	3,813	185	58.86			61.04	1.000	61.04	1.138	0.986	1.000	68.45
Prof - Evaluation & Management	7,778	54	35.12	1.059	1.007	37.48	1.000	37.48	1.097	0.982	1.000	40.36
Prof - Maternity	115	543	5.21	1.059	1.007	5.55	1.000	5.55	1.097	1.000	1.000	6.09
Prof - Surgery	846	180	12.72	1.059	1.007	13.57	1.000	13.57	1.097	1.000	1.000	14.88
Prof - DME/Supplies	191	159	2.54	1.059	1.007	2.71	1.000	2.71	1.097	1.000	1.000	2.97
Prof - Lab	6,153	16	8.18	1.059	1.007	8.73	1.000	8.73	1.097	0.979	1.000	9.37
Prof - Radiology	2,591	48	10.42	1.059	1.007	11.12	1.000	11.12	1.097	0.979	1.000	11.94
Prof - Transportation	337	82	2.29	1.059	1.007	2.44	1.000	2.44	1.097	1.000	1.000	2.68
Prof - Other	10,904	15	13.92	1.059	1.007	14.85	1.000	14.85	1.097	1.000	1.000	16.29
Subtotal - Professional	28,915	38	90.38			96.45	1.000	96.45	1.097	0.989	1.000	104.58
Total			\$ 194.40			\$ 204.19	1.000	\$ 204.19	1.104	0.986	1.000	\$ 222.39
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 211.88			\$ 222.56		\$ 222.56				\$ 242.39

TennCare
FY 2007 Per Capita Cost Development

Exhibit 4

Development of Per Capita Costs: **Statewide**

Medically Needy												
Age 21 - 44 Male												
	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
Service Category	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			171,519					179,613				180,110
Home Health Care	39	1,255	4.09	1.030	1.033	4.35	1.000	4.35	1.097	1.000	1.000	4.77
IP - Maternity	0	556	0.00	1.007	1.027	0.00	1.000	0.00	1.076	1.000	1.000	0.00
IP - Newborn	1	1,255	0.13	1.007	1.027	0.13	1.000	0.13	1.076	1.000	1.000	0.14
IP - Medical	325	815	22.09	1.007	1.027	22.85	1.000	22.85	1.076	0.974	1.000	23.95
IP - Surgery	135	1,822	20.53	1.007	1.027	21.24	1.000	21.24	1.076	0.974	1.000	22.26
IP - Other	22	6,525	12.03	1.007	1.027	12.44	1.000	12.441	1.076	0.974	1.000	13.04
Subtotal - Inpatient	484	1,358	54.78			56.66	1.000	56.66	1.076	0.974	1.000	59.39
OP - Emergency Room	1,105	199	18.34	1.022	1.014	19.02	1.000	19.02	1.138	0.987	1.000	21.36
OP - Laboratory	1,242	12	1.21	1.022	1.014	1.25	1.000	1.25	1.138	0.979	1.000	1.39
OP - Radiology	639	130	6.92	1.022	1.014	7.18	1.000	7.18	1.138	0.979	1.000	7.99
OP - Surgery	170	956	13.53	1.022	1.014	14.03	1.000	14.03	1.138	0.987	1.000	15.75
OP - Other	301	313	7.85	1.022	1.014	8.14	1.000	8.14	1.138	0.987	1.000	9.15
Subtotal - Outpatient	3,457	166	47.85			49.62	1.000	49.62	1.138	0.986	1.000	55.64
Prof - Evaluation & Management	5,112	55	23.64	1.059	1.007	25.22	1.000	25.22	1.097	0.982	1.000	27.17
Prof - Maternity	0	1,198	0.01	1.059	1.007	0.01	1.000	0.01	1.097	1.000	1.000	0.01
Prof - Surgery	669	200	11.13	1.059	1.007	11.87	1.000	11.87	1.097	1.000	1.000	13.02
Prof - DME/Supplies	241	220	4.43	1.059	1.007	4.72	1.000	4.72	1.097	1.000	1.000	5.18
Prof - Lab	2,179	14	2.61	1.059	1.007	2.78	1.000	2.78	1.097	0.979	1.000	2.99
Prof - Radiology	2,141	42	7.55	1.059	1.007	8.06	1.000	8.06	1.097	0.979	1.000	8.65
Prof - Transportation	398	95	3.16	1.059	1.007	3.37	1.000	3.37	1.097	1.000	1.000	3.70
Prof - Other	13,081	11	12.40	1.059	1.007	13.24	1.000	13.24	1.097	1.000	1.000	14.52
Subtotal - Professional	23,821	33	64.91			69.27	1.000	69.27	1.097	0.990	1.000	75.23
Total			\$ 171.63			\$ 179.89	1.000	\$ 179.89	1.102	0.984	1.000	\$ 195.03
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 187.07			\$ 196.07		\$ 196.07				\$ 212.57

**TennCare
FY 2007 Per Capita Cost Development**

Exhibit 4

Development of Per Capita Costs: **Statewide**

Medically Needy Age 45 - 64												
	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
Service Category	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			283,400					271,583				270,524
Home Health Care	76	616	3.90	1.030	1.033	4.15	1.000	4.15	1.097	1.000	1.000	4.55
IP - Maternity	0	684	0.03	1.007	1.027	0.03	1.000	0.03	1.076	1.000	1.000	0.03
IP - Newborn	0	494	0.01	1.007	1.027	0.01	1.000	0.01	1.076	1.000	1.000	0.01
IP - Medical	658	778	42.63	1.007	1.027	44.09	1.000	44.09	1.076	0.974	1.000	46.22
IP - Surgery	235	1,451	28.47	1.007	1.027	29.44	1.000	29.44	1.076	0.974	1.000	30.87
IP - Other	32	2,639	7.05	1.007	1.027	7.29	1.000	7.287	1.076	0.974	1.000	7.64
Subtotal - Inpatient	926	1,014	78.19			80.86	1.000	80.86	1.076	0.974	1.000	84.76
OP - Emergency Room	467	280	10.88	1.022	1.014	11.28	1.000	11.28	1.138	0.987	1.000	12.67
OP - Laboratory	1,051	19	1.67	1.022	1.014	1.73	1.000	1.73	1.138	0.979	1.000	1.93
OP - Radiology	1,489	97	11.97	1.022	1.014	12.41	1.000	12.41	1.138	0.979	1.000	13.83
OP - Surgery	281	1,190	27.88	1.022	1.014	28.91	1.000	28.91	1.138	0.987	1.000	32.47
OP - Other	496	465	19.20	1.022	1.014	19.91	1.000	19.91	1.138	0.987	1.000	22.36
Subtotal - Outpatient	3,784	227	71.60			74.25	1.000	74.25	1.138	0.985	1.000	83.25
Prof - Evaluation & Management	6,382	55	29.26	1.059	1.007	31.22	1.000	31.22	1.097	0.982	1.000	33.63
Prof - Maternity	0	78	0.00	1.059	1.007	0.00	1.000	0.00	1.097	1.000	1.000	0.00
Prof - Surgery	959	181	14.48	1.059	1.007	15.45	1.000	15.45	1.097	1.000	1.000	16.95
Prof - DME/Supplies	553	169	7.80	1.059	1.007	8.33	1.000	8.33	1.097	1.000	1.000	9.13
Prof - Lab	4,292	14	5.00	1.059	1.007	5.33	1.000	5.33	1.097	0.979	1.000	5.73
Prof - Radiology	2,570	53	11.26	1.059	1.007	12.02	1.000	12.02	1.097	0.979	1.000	12.90
Prof - Transportation	1,515	56	7.08	1.059	1.007	7.55	1.000	7.55	1.097	1.000	1.000	8.28
Prof - Other	33,152	13	34.85	1.059	1.007	37.19	1.000	37.19	1.097	1.000	1.000	40.79
Subtotal - Professional	49,422	27	109.73			117.10	1.000	117.10	1.097	0.992	1.000	127.41
Total			\$ 263.42			\$ 276.35	1.000	\$ 276.35	1.102	0.985	1.000	\$ 299.97
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 287.10			\$ 301.20		\$ 301.20				\$ 326.95

**TennCare
FY 2007 Per Capita Cost Development**

Exhibit 4

Development of Per Capita Costs: **Statewide**

Medically Needy Age 65+												
	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
Service Category	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			341,939					329,535				328,405
Home Health Care	94	1,565	12.25	1.030	1.033	13.03	1.000	13.03	1.097	1.000	1.000	14.29
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	0	1,000	0.00	1.007	1.027	0.00	1.000	0.00	1.076	1.000	1.000	0.00
IP - Medical	234	338	6.59	1.007	1.027	6.82	1.000	6.82	1.076	0.974	1.000	7.14
IP - Surgery	16	1,270	1.67	1.007	1.027	1.72	1.000	1.72	1.076	0.974	1.000	1.81
IP - Other	24	1,429	2.81	1.007	1.027	2.90	1.000	2.902	1.076	0.974	1.000	3.04
Subtotal - Inpatient	273	486	11.06			11.44	1.000	11.44	1.076	0.974	1.000	12.00
OP - Emergency Room	28	368	0.86	1.022	1.014	0.89	1.000	0.89	1.138	0.987	1.000	1.00
OP - Laboratory	103	23	0.20	1.022	1.014	0.20	1.000	0.20	1.138	0.979	1.000	0.23
OP - Radiology	122	96	0.98	1.022	1.014	1.01	1.000	1.01	1.138	0.979	1.000	1.13
OP - Surgery	28	1,242	2.95	1.022	1.014	3.06	1.000	3.06	1.138	0.987	1.000	3.43
OP - Other	154	1,681	21.52	1.022	1.014	22.32	1.000	22.32	1.138	0.987	1.000	25.06
Subtotal - Outpatient	436	730	26.50			27.48	1.000	27.48	1.138	0.987	1.000	30.85
Prof - Evaluation & Management	568	53	2.52	1.059	1.007	2.69	1.000	2.69	1.097	0.982	1.000	2.90
Prof - Maternity	-	-	-	1.059	1.007	-	1.000	-	1.097	1.000	1.000	-
Prof - Surgery	97	152	1.23	1.059	1.007	1.31	1.000	1.31	1.097	1.000	1.000	1.44
Prof - DME/Supplies	76	129	0.82	1.059	1.007	0.87	1.000	0.87	1.097	1.000	1.000	0.95
Prof - Lab	384	13	0.42	1.059	1.007	0.45	1.000	0.45	1.097	0.979	1.000	0.49
Prof - Radiology	195	51	0.83	1.059	1.007	0.88	1.000	0.88	1.097	0.979	1.000	0.95
Prof - Transportation	1,219	48	4.91	1.059	1.007	5.24	1.000	5.24	1.097	1.000	1.000	5.75
Prof - Other	24,522	3	6.17	1.059	1.007	6.59	1.000	6.59	1.097	1.000	1.000	7.22
Subtotal - Professional	27,060	7	16.90			18.04	1.000	18.04	1.097	0.996	1.000	19.70
Total			\$ 66.71			\$ 69.99	1.000	\$ 69.99	1.109	0.989	1.000	\$ 76.83
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 72.71			\$ 76.28		\$ 76.28				\$ 83.74

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Uninsured/Uninsurable All Ages												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development					Fiscal Year 2007 Rate Development			
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			425,219					371,689				369,392
Home Health Care	4	112	0.04	1.030	1.033	0.04	1.000	0.04	1.097	1.000	1.000	0.05
IP - Maternity	6	713	0.36	1.007	1.027	0.37	1.022	0.38	1.076	1.000	1.004	0.41
IP - Newborn	6	672	0.34	1.007	1.027	0.35	0.948	0.34	1.076	1.000	0.995	0.36
IP - Medical	51	695	2.97	1.007	1.027	3.07	0.993	3.05	1.076	1.000	0.999	3.28
IP - Surgery	14	1,184	1.35	1.007	1.027	1.40	1.010	1.41	1.076	1.000	1.001	1.52
IP - Other	2	2,128	0.27	1.007	1.027	0.28	1.009	0.283	1.076	1.000	1.001	0.31
Subtotal - Inpatient	79	808	5.30			5.48	0.997	5.46	1.076	1.000	1.000	5.88
OP - Emergency Room	407	151	5.11	1.022	1.014	5.30	1.003	5.31	1.138	1.000	1.000	6.05
OP - Laboratory	422	22	0.76	1.022	1.014	0.78	1.001	0.79	1.138	1.000	1.000	0.89
OP - Radiology	261	85	1.84	1.022	1.014	1.91	1.009	1.92	1.138	1.000	1.001	2.19
OP - Surgery	78	927	6.03	1.022	1.014	6.25	0.999	6.24	1.138	1.000	1.000	7.10
OP - Other	232	212	4.09	1.022	1.014	4.24	1.004	4.26	1.138	1.000	1.000	4.85
Subtotal - Outpatient	1,399	153	17.82			18.48	1.002	18.52	1.138	1.000	1.000	21.08
Prof - Evaluation & Management	4,218	46	16.03	1.059	1.007	17.11	0.998	17.07	1.097	1.000	1.000	18.72
Prof - Maternity	5	539	0.25	1.059	1.007	0.26	1.022	0.27	1.097	1.000	1.004	0.30
Prof - Surgery	320	123	3.28	1.059	1.007	3.50	1.001	3.50	1.097	1.000	1.000	3.84
Prof - DME/Supplies	66	181	0.99	1.059	1.007	1.06	1.002	1.06	1.097	1.000	1.000	1.16
Prof - Lab	2,156	12	2.23	1.059	1.007	2.38	1.005	2.39	1.097	1.000	1.001	2.63
Prof - Radiology	669	29	1.59	1.059	1.007	1.70	1.011	1.72	1.097	1.000	1.001	1.89
Prof - Transportation	56	134	0.63	1.059	1.007	0.67	1.005	0.67	1.097	1.000	1.001	0.74
Prof - Other	9,875	10	8.41	1.059	1.007	8.97	1.000	8.97	1.097	1.000	1.000	9.83
Subtotal - Professional	17,366	23	33.41			35.65	1.000	35.65	1.097	1.000	1.000	39.11
Total			\$ 56.56			\$ 59.65	1.001	\$ 59.68	1.108	1.000	1.000	\$ 66.11
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 61.65			\$ 65.01		\$ 65.05				\$ 72.05

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Uninsured/Uninsurable												
Age Under 1												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development					Fiscal Year 2007 Rate Development			
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			283					91				72
Home Health Care	-	-	-	1.030	1.033	-	1.000	-	1.097	1.000	1.000	-
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	1,063	599	53.03	1.007	1.027	54.85	1.000	54.85	1.076	1.000	1.000	59.03
IP - Medical	814	1,443	97.91	1.007	1.027	101.26	1.000	101.26	1.076	1.000	1.000	108.98
IP - Surgery	86	891	6.36	1.007	1.027	6.58	1.000	6.58	1.076	1.000	1.000	7.08
IP - Other	128	688	7.31	1.007	1.027	7.56	1.000	7.560	1.076	1.000	1.000	8.14
Subtotal - Inpatient	2,090	945	164.62			170.24	1.000	170.24	1.076	1.000	1.000	183.22
OP - Emergency Room	342	137	3.90	1.022	1.014	4.04	1.000	4.04	1.138	1.000	1.000	4.60
OP - Laboratory	937	13	0.99	1.022	1.014	1.03	1.000	1.03	1.138	1.000	1.000	1.17
OP - Radiology	300	33	0.81	1.022	1.014	0.84	1.000	0.84	1.138	1.000	1.000	0.96
OP - Surgery	85	82	0.59	1.022	1.014	0.61	1.000	0.61	1.138	1.000	1.000	0.69
OP - Other	85	92	0.66	1.022	1.014	0.68	1.000	0.68	1.138	1.000	1.000	0.78
Subtotal - Outpatient	1,750	48	6.95			7.21	1.000	7.21	1.138	1.000	1.000	8.20
Prof - Evaluation & Management	10,062	55	45.82	1.059	1.007	48.90	1.000	48.90	1.097	1.000	1.000	53.63
Prof - Maternity	-	-	-	1.059	1.007	-	1.000	-	1.097	1.000	1.000	-
Prof - Surgery	384	169	5.39	1.059	1.007	5.75	1.000	5.75	1.097	1.000	1.000	6.31
Prof - DME/Supplies	171	161	2.28	1.059	1.007	2.44	1.000	2.44	1.097	1.000	1.000	2.67
Prof - Lab	515	9	0.37	1.059	1.007	0.39	1.000	0.39	1.097	1.000	1.000	0.43
Prof - Radiology	1,070	13	1.17	1.059	1.007	1.25	1.000	1.25	1.097	1.000	1.000	1.37
Prof - Transportation	86	1,739	12.41	1.059	1.007	13.25	1.000	13.25	1.097	1.000	1.000	14.53
Prof - Other	13,854	10	11.61	1.059	1.007	12.39	1.000	12.39	1.097	1.000	1.000	13.59
Subtotal - Professional	26,141	36	79.06			84.37	1.000	84.37	1.097	1.000	1.000	92.53
Total			\$ 250.62			\$ 261.82	1.000	\$ 261.82	1.085	1.000	1.000	\$ 283.95
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 273.16			\$ 285.36		\$ 285.36				\$ 309.48

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Uninsured/Uninsurable												
Age 1 - 13												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development					Fiscal Year 2007 Rate Development			
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			257,772					220,496				218,535
Home Health Care	5	96	0.04	1.030	1.033	0.04	1.000	0.04	1.097	1.000	1.000	0.05
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	1	1,515	0.09	1.007	1.027	0.09	1.000	0.09	1.076	1.000	1.000	0.10
IP - Medical	47	591	2.32	1.007	1.027	2.40	1.000	2.40	1.076	1.000	1.000	2.58
IP - Surgery	10	1,137	0.92	1.007	1.027	0.95	1.000	0.95	1.076	1.000	1.000	1.02
IP - Other	1	1,166	0.14	1.007	1.027	0.15	1.000	0.146	1.076	1.000	1.000	0.16
Subtotal - Inpatient	59	705	3.46			3.58	1.000	3.58	1.076	1.000	1.000	3.85
OP - Emergency Room	384	141	4.51	1.022	1.014	4.67	1.000	4.67	1.138	1.000	1.000	5.32
OP - Laboratory	398	21	0.70	1.022	1.014	0.73	1.000	0.73	1.138	1.000	1.000	0.83
OP - Radiology	225	72	1.35	1.022	1.014	1.40	1.000	1.40	1.138	1.000	1.000	1.60
OP - Surgery	79	941	6.16	1.022	1.014	6.39	1.000	6.39	1.138	1.000	1.000	7.27
OP - Other	262	177	3.86	1.022	1.014	4.00	1.000	4.00	1.138	1.000	1.000	4.56
Subtotal - Outpatient	1,348	148	16.58			17.20	1.000	17.20	1.138	1.000	1.000	19.57
Prof - Evaluation & Management	4,361	45	16.22	1.059	1.007	17.31	1.000	17.31	1.097	1.000	1.000	18.98
Prof - Maternity	-	-	-	1.059	1.007	-	1.000	-	1.097	1.000	1.000	-
Prof - Surgery	297	126	3.12	1.059	1.007	3.33	1.000	3.33	1.097	1.000	1.000	3.65
Prof - DME/Supplies	60	181	0.91	1.059	1.007	0.97	1.000	0.97	1.097	1.000	1.000	1.06
Prof - Lab	1,865	11	1.74	1.059	1.007	1.86	1.000	1.86	1.097	1.000	1.000	2.04
Prof - Radiology	521	24	1.02	1.059	1.007	1.09	1.000	1.09	1.097	1.000	1.000	1.20
Prof - Transportation	39	120	0.39	1.059	1.007	0.41	1.000	0.41	1.097	1.000	1.000	0.45
Prof - Other	9,984	10	8.31	1.059	1.007	8.87	1.000	8.87	1.097	1.000	1.000	9.73
Subtotal - Professional	17,128	22	31.71			33.84	1.000	33.84	1.097	1.000	1.000	37.11
Total			\$ 51.80			\$ 54.66	1.000	\$ 54.66	1.108	1.000	1.000	\$ 60.58
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 56.45			\$ 59.57		\$ 59.57				\$ 66.03

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Uninsured/Uninsurable												
Age 14 - 19 Female												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development					Fiscal Year 2007 Rate Development			
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			81,794					73,092				72,917
Home Health Care	3	93	0.02	1.030	1.033	0.02	1.000	0.02	1.097	1.000	1.000	0.02
IP - Maternity	31	713	1.86	1.007	1.027	1.93	1.000	1.93	1.076	1.000	1.000	2.08
IP - Newborn	26	611	1.32	1.007	1.027	1.36	1.000	1.36	1.076	1.000	1.000	1.47
IP - Medical	65	739	3.98	1.007	1.027	4.12	1.000	4.12	1.076	1.000	1.000	4.43
IP - Surgery	22	1,019	1.91	1.007	1.027	1.97	1.000	1.97	1.076	1.000	1.000	2.12
IP - Other	1	3,907	0.19	1.007	1.027	0.20	1.000	0.199	1.076	1.000	1.000	0.21
Subtotal - Inpatient	145	767	9.26			9.58	1.000	9.58	1.076	1.000	1.000	10.31
OP - Emergency Room	517	168	7.26	1.022	1.014	7.53	1.000	7.53	1.138	1.000	1.000	8.56
OP - Laboratory	585	21	1.04	1.022	1.014	1.08	1.000	1.08	1.138	1.000	1.000	1.23
OP - Radiology	357	95	2.83	1.022	1.014	2.94	1.000	2.94	1.138	1.000	1.000	3.34
OP - Surgery	88	898	6.61	1.022	1.014	6.86	1.000	6.86	1.138	1.000	1.000	7.80
OP - Other	193	191	3.08	1.022	1.014	3.20	1.000	3.20	1.138	1.000	1.000	3.64
Subtotal - Outpatient	1,740	144	20.83			21.60	1.000	21.60	1.138	1.000	1.000	24.57
Prof - Evaluation & Management	4,792	48	19.09	1.059	1.007	20.37	1.000	20.37	1.097	1.000	1.000	22.34
Prof - Maternity	29	539	1.28	1.059	1.007	1.37	1.000	1.37	1.097	1.000	1.000	1.50
Prof - Surgery	381	109	3.46	1.059	1.007	3.69	1.000	3.69	1.097	1.000	1.000	4.04
Prof - DME/Supplies	67	191	1.08	1.059	1.007	1.15	1.000	1.15	1.097	1.000	1.000	1.26
Prof - Lab	3,869	14	4.60	1.059	1.007	4.91	1.000	4.91	1.097	1.000	1.000	5.39
Prof - Radiology	958	38	3.00	1.059	1.007	3.20	1.000	3.20	1.097	1.000	1.000	3.51
Prof - Transportation	92	118	0.91	1.059	1.007	0.97	1.000	0.97	1.097	1.000	1.000	1.07
Prof - Other	11,187	10	9.62	1.059	1.007	10.27	1.000	10.27	1.097	1.000	1.000	11.26
Subtotal - Professional	21,374	24	43.04			45.93	1.000	45.93	1.097	1.000	1.000	50.37
Total			\$ 73.15			\$ 77.12	1.000	\$ 77.12	1.106	1.000	1.000	\$ 85.28
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 79.72			\$ 84.06		\$ 84.06				\$ 92.94

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Uninsured/Uninsurable Age 14 - 19 Male												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development					Fiscal Year 2007 Rate Development			
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			85,370					78,010				77,867
Home Health Care	3	232	0.05	1.030	1.033	0.05	1.000	0.05	1.097	1.000	1.000	0.06
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Medical	49	904	3.67	1.007	1.027	3.80	1.000	3.80	1.076	1.000	1.000	4.08
IP - Surgery	17	1,476	2.12	1.007	1.027	2.19	1.000	2.19	1.076	1.000	1.000	2.36
IP - Other	2	3,809	0.72	1.007	1.027	0.74	1.000	0.743	1.076	1.000	1.000	0.80
Subtotal - Inpatient	68	1,145	6.51			6.73	1.000	6.73	1.076	1.000	1.000	7.25
OP - Emergency Room	370	158	4.86	1.022	1.014	5.04	1.000	5.04	1.138	1.000	1.000	5.74
OP - Laboratory	334	23	0.65	1.022	1.014	0.67	1.000	0.67	1.138	1.000	1.000	0.77
OP - Radiology	276	102	2.35	1.022	1.014	2.44	1.000	2.44	1.138	1.000	1.000	2.77
OP - Surgery	67	916	5.08	1.022	1.014	5.27	1.000	5.27	1.138	1.000	1.000	6.00
OP - Other	178	387	5.76	1.022	1.014	5.97	1.000	5.97	1.138	1.000	1.000	6.79
Subtotal - Outpatient	1,225	183	18.70			19.39	1.000	19.39	1.138	1.000	1.000	22.06
Prof - Evaluation & Management	3,217	46	12.46	1.059	1.007	13.30	1.000	13.30	1.097	1.000	1.000	14.58
Prof - Maternity	-	-	-	1.059	1.007	-	1.000	-	1.097	1.000	1.000	-
Prof - Surgery	332	129	3.58	1.059	1.007	3.82	1.000	3.82	1.097	1.000	1.000	4.19
Prof - DME/Supplies	80	173	1.15	1.059	1.007	1.23	1.000	1.23	1.097	1.000	1.000	1.35
Prof - Lab	1,398	12	1.45	1.059	1.007	1.55	1.000	1.55	1.097	1.000	1.000	1.70
Prof - Radiology	839	28	1.97	1.059	1.007	2.10	1.000	2.10	1.097	1.000	1.000	2.31
Prof - Transportation	74	168	1.03	1.059	1.007	1.10	1.000	1.10	1.097	1.000	1.000	1.21
Prof - Other	8,274	11	7.51	1.059	1.007	8.01	1.000	8.01	1.097	1.000	1.000	8.79
Subtotal - Professional	14,213	25	29.15			31.11	1.000	31.11	1.097	1.000	1.000	34.12
Total			\$ 54.41			\$ 57.28	1.000	\$ 57.28	1.108	1.000	1.000	\$ 63.48
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 59.30			\$ 62.43		\$ 62.43				\$ 69.19

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Disabled All Ages												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			1,837,154					1,860,314				1,858,688
Home Health Care	157	849	11.13	1.030	1.033	11.84	1.005	11.90	1.097	1.000	1.001	13.06
IP - Maternity	23	844	1.62	1.007	1.027	1.68	1.000	1.68	1.076	1.000	1.000	1.81
IP - Newborn	85	1,353	9.59	1.007	1.027	9.92	1.010	10.02	1.076	1.000	1.001	10.80
IP - Medical	1,192	732	72.70	1.007	1.027	75.19	0.998	75.01	1.076	0.978	1.000	78.93
IP - Surgery	325	1,357	36.75	1.007	1.027	38.01	0.998	37.92	1.076	0.978	1.000	39.91
IP - Other	50	2,191	9.21	1.007	1.027	9.52	0.999	9.508	1.076	0.979	1.000	10.02
Subtotal - Inpatient	1,676	930	129.87			134.31	0.999	134.14	1.076	0.980	1.000	141.46
OP - Emergency Room	1,119	236	21.99	1.022	1.014	22.81	0.998	22.77	1.138	0.989	1.000	25.63
OP - Laboratory	1,971	20	3.36	1.022	1.014	3.48	0.999	3.48	1.138	0.984	1.000	3.90
OP - Radiology	1,325	98	10.79	1.022	1.014	11.19	0.997	11.15	1.138	0.981	1.000	12.44
OP - Surgery	337	1,080	30.31	1.022	1.014	31.42	0.998	31.37	1.138	0.990	1.000	35.31
OP - Other	1,087	471	42.61	1.022	1.014	44.19	1.003	44.33	1.138	0.993	1.001	50.13
Subtotal - Outpatient	5,838	224	109.06			113.09	1.000	113.11	1.138	0.990	1.000	127.41
Prof - Evaluation & Management	10,016	56	46.50	1.059	1.007	49.62	0.998	49.53	1.097	0.985	1.000	53.52
Prof - Maternity	19	557	0.88	1.059	1.007	0.94	1.000	0.94	1.097	1.000	1.000	1.03
Prof - Surgery	1,081	179	16.16	1.059	1.007	17.25	0.997	17.20	1.097	1.000	1.000	18.86
Prof - DME/Supplies	1,027	217	18.53	1.059	1.007	19.77	1.000	19.76	1.097	1.000	1.000	21.67
Prof - Lab	5,755	14	6.59	1.059	1.007	7.03	0.997	7.01	1.097	0.981	1.000	7.54
Prof - Radiology	3,276	42	11.58	1.059	1.007	12.36	0.996	12.31	1.097	0.980	0.999	13.23
Prof - Transportation	1,485	69	8.58	1.059	1.007	9.16	0.997	9.13	1.097	1.000	1.000	10.01
Prof - Other	96,037	5	41.73	1.059	1.007	44.53	0.999	44.47	1.097	1.000	1.000	48.76
Subtotal - Professional	118,695	15	150.55			160.66	0.998	160.36	1.097	0.993	1.000	174.62
Total			\$ 400.61			\$ 419.89	0.999	\$ 419.50	1.101	0.988	1.000	\$ 456.55
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 436.63			\$ 457.65		\$ 457.22				\$ 497.61

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Disabled Age <21												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			527,412					540,572				541,030
Home Health Care	237	1,152	22.79	1.030	1.033	24.25	1.000	24.25	1.097	1.000	1.000	26.59
IP - Maternity	24	830	1.66	1.007	1.027	1.71	1.000	1.71	1.076	1.000	1.000	1.84
IP - Newborn	224	1,547	28.92	1.007	1.027	29.91	1.000	29.91	1.076	1.000	1.000	32.19
IP - Medical	424	1,097	38.77	1.007	1.027	40.10	1.000	40.10	1.076	1.000	1.000	43.15
IP - Surgery	162	1,469	19.88	1.007	1.027	20.55	1.000	20.55	1.076	1.000	1.000	22.12
IP - Other	23	3,434	6.48	1.007	1.027	6.70	1.000	6.70	1.076	1.000	1.000	7.21
Subtotal - Inpatient	857	1,339	95.70			98.97	1.000	98.97	1.076	1.000	1.000	106.52
OP - Emergency Room	704	247	14.50	1.022	1.014	15.04	1.000	15.04	1.138	1.000	1.000	17.11
OP - Laboratory	1,284	27	2.94	1.022	1.014	3.05	1.000	3.05	1.138	1.000	1.000	3.47
OP - Radiology	479	93	3.71	1.022	1.014	3.85	1.000	3.85	1.138	1.000	1.000	4.38
OP - Surgery	226	1,078	20.35	1.022	1.014	21.10	1.000	21.10	1.138	1.000	1.000	24.01
OP - Other	1,756	489	71.61	1.022	1.014	74.26	1.000	74.26	1.138	1.000	1.000	84.48
Subtotal - Outpatient	4,449	305	113.11			117.29	1.000	117.29	1.138	1.000	1.000	133.44
Prof - Evaluation & Management	6,209	58	29.82	1.059	1.007	31.82	1.000	31.82	1.097	1.000	1.000	34.90
Prof - Maternity	16	635	0.85	1.059	1.007	0.90	1.000	0.90	1.097	1.000	1.000	0.99
Prof - Surgery	414	211	7.27	1.059	1.007	7.75	1.000	7.75	1.097	1.000	1.000	8.50
Prof - DME/Supplies	548	366	16.73	1.059	1.007	17.85	1.000	17.85	1.097	1.000	1.000	19.58
Prof - Lab	2,210	13	2.47	1.059	1.007	2.64	1.000	2.64	1.097	1.000	1.000	2.90
Prof - Radiology	1,246	26	2.67	1.059	1.007	2.85	1.000	2.85	1.097	1.000	1.000	3.12
Prof - Transportation	346	108	3.12	1.059	1.007	3.33	1.000	3.33	1.097	1.000	1.000	3.65
Prof - Other	151,584	2	30.60	1.059	1.007	32.66	1.000	32.66	1.097	1.000	1.000	35.81
Subtotal - Professional	162,573	7	93.52			99.80	1.000	99.80	1.097	1.000	1.000	109.46
Total			\$ 325.12			\$ 340.31	1.000	\$ 340.31	1.105	1.000	1.000	\$ 376.01
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 354.36			\$ 370.91		\$ 370.91				\$ 409.82

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Disabled Age 21+												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			1,309,742					1,319,742				1,317,658
Home Health Care	125	618	6.43	1.030	1.033	6.84	1.000	6.84	1.097	1.000	1.000	7.51
IP - Maternity	23	850	1.61	1.007	1.027	1.66	1.000	1.66	1.076	1.000	1.000	1.79
IP - Newborn	29	749	1.81	1.007	1.027	1.87	1.000	1.87	1.076	1.000	1.000	2.02
IP - Medical	1,502	690	86.36	1.007	1.027	89.31	1.000	89.31	1.076	0.974	1.000	93.63
IP - Surgery	391	1,338	43.55	1.007	1.027	45.04	1.000	45.04	1.076	0.974	1.000	47.21
IP - Other	62	2,008	10.31	1.007	1.027	10.66	1.000	10.658	1.076	0.974	1.000	11.17
Subtotal - Inpatient	2,006	859	143.63			148.54	1.000	148.54	1.076	0.975	1.000	155.81
OP - Emergency Room	1,286	233	25.01	1.022	1.014	25.93	1.000	25.93	1.138	0.987	1.000	29.12
OP - Laboratory	2,247	19	3.53	1.022	1.014	3.66	1.000	3.66	1.138	0.979	1.000	4.07
OP - Radiology	1,665	98	13.64	1.022	1.014	14.14	1.000	14.14	1.138	0.979	1.000	15.76
OP - Surgery	381	1,080	34.31	1.022	1.014	35.58	1.000	35.58	1.138	0.987	1.000	39.96
OP - Other	817	454	30.93	1.022	1.014	32.08	1.000	32.08	1.138	0.987	1.000	36.02
Subtotal - Outpatient	6,397	202	107.43			111.39	1.000	111.39	1.138	0.986	1.000	124.93
Prof - Evaluation & Management	11,549	55	53.21	1.059	1.007	56.79	1.000	56.79	1.097	0.982	1.000	61.16
Prof - Maternity	20	532	0.89	1.059	1.007	0.95	1.000	0.95	1.097	1.000	1.000	1.04
Prof - Surgery	1,350	176	19.75	1.059	1.007	21.07	1.000	21.07	1.097	1.000	1.000	23.11
Prof - DME/Supplies	1,220	189	19.25	1.059	1.007	20.55	1.000	20.55	1.097	1.000	1.000	22.53
Prof - Lab	7,182	14	8.24	1.059	1.007	8.80	1.000	8.80	1.097	0.979	1.000	9.44
Prof - Radiology	4,093	44	15.17	1.059	1.007	16.19	1.000	16.19	1.097	0.979	1.000	17.39
Prof - Transportation	1,944	67	10.78	1.059	1.007	11.50	1.000	11.50	1.097	1.000	1.000	12.62
Prof - Other	73,669	8	46.21	1.059	1.007	49.31	1.000	49.31	1.097	1.000	1.000	54.08
Subtotal - Professional	101,026	21	173.51			185.16	1.000	185.16	1.097	0.992	1.000	201.38
Total			\$ 431.00			\$ 451.94	1.000	\$ 451.94	1.100	0.985	1.000	\$ 489.63
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 469.76			\$ 492.58		\$ 492.58				\$ 533.65

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Duals All Ages												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development				Fiscal Year 2007 Rate Development				
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			2,057,113					2,147,321				2,154,223
Home Health Care	47	1,711	6.65	1.030	1.033	7.07	1.000	7.07	1.097	1.000	1.000	7.76
IP - Maternity	1	742	0.03	1.007	1.027	0.03	1.000	0.03	1.076	1.000	1.000	0.04
IP - Newborn	3	901	0.21	1.007	1.027	0.21	1.000	0.21	1.076	1.000	1.000	0.23
IP - Medical	405	260	8.75	1.007	1.027	9.05	1.000	9.05	1.076	0.974	1.000	9.49
IP - Surgery	5	906	0.41	1.007	1.027	0.42	1.000	0.42	1.076	0.974	1.000	0.44
IP - Other	69	428	2.44	1.007	1.027	2.53	1.000	2.529	1.076	0.974	1.000	2.65
Subtotal - Inpatient	482	295	11.84			12.25	1.000	12.25	1.076	0.975	1.000	12.84
OP - Emergency Room	41	263	0.89	1.022	1.014	0.93	1.000	0.93	1.138	0.987	1.000	1.04
OP - Laboratory	86	36	0.26	1.022	1.014	0.27	1.000	0.27	1.138	0.979	1.000	0.30
OP - Radiology	89	65	0.48	1.022	1.014	0.50	1.000	0.50	1.138	0.979	1.000	0.56
OP - Surgery	16	1,349	1.76	1.022	1.014	1.82	1.000	1.82	1.138	0.987	1.000	2.05
OP - Other	95	1,703	13.52	1.022	1.014	14.02	1.000	14.02	1.138	0.987	1.000	15.74
Subtotal - Outpatient	327	620	16.91			17.54	1.000	17.54	1.138	0.987	1.000	19.69
Prof - Evaluation & Management	336	52	1.46	1.059	1.007	1.56	1.000	1.56	1.097	0.982	1.000	1.68
Prof - Maternity	0	550	0.02	1.059	1.007	0.02	1.000	0.02	1.097	1.000	1.000	0.02
Prof - Surgery	42	166	0.58	1.059	1.007	0.62	1.000	0.62	1.097	1.000	1.000	0.68
Prof - DME/Supplies	59	189	0.93	1.059	1.007	1.00	1.000	1.00	1.097	1.000	1.000	1.09
Prof - Lab	220	14	0.26	1.059	1.007	0.28	1.000	0.28	1.097	0.979	1.000	0.30
Prof - Radiology	101	45	0.38	1.059	1.007	0.40	1.000	0.40	1.097	0.979	1.000	0.43
Prof - Transportation	1,677	47	6.51	1.059	1.007	6.95	1.000	6.95	1.097	1.000	1.000	7.62
Prof - Other	29,071	2	4.66	1.059	1.007	4.98	1.000	4.98	1.097	1.000	1.000	5.46
Subtotal - Professional	31,507	6	14.79			15.79	1.000	15.79	1.097	0.997	1.000	17.27
Total			\$ 50.20			\$ 52.64	1.000	\$ 52.64	1.106	0.989	1.000	\$ 57.56
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 54.71			\$ 57.38		\$ 57.38				\$ 62.73

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs: Statewide

Exhibit 4

Waiver Duals												
All Ages												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development					Fiscal Year 2007 Rate Development			
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			35,130					1,456				1,462
Home Health Care	23	1,495	2.92	1.030	1.033	3.11	1.000	3.11	1.097	1.000	1.000	3.41
IP - Maternity	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Newborn	-	-	-	1.007	1.027	-	1.000	-	1.076	1.000	1.000	-
IP - Medical	45	601	2.26	1.007	1.027	2.34	1.000	2.34	1.076	0.974	1.000	2.45
IP - Surgery	4	342	0.11	1.007	1.027	0.11	1.000	0.11	1.076	0.974	1.000	0.12
IP - Other	0	2,560	0.07	1.007	1.027	0.08	1.000	0.076	1.076	0.974	1.000	0.08
Subtotal - Inpatient	49	595	2.45			2.53	1.000	2.53	1.076	0.974	1.000	2.65
OP - Emergency Room	10	210	0.17	1.022	1.014	0.17	1.000	0.17	1.138	0.987	1.000	0.20
OP - Laboratory	47	28	0.11	1.022	1.014	0.11	1.000	0.11	1.138	0.979	1.000	0.13
OP - Radiology	25	191	0.40	1.022	1.014	0.42	1.000	0.42	1.138	0.979	1.000	0.46
OP - Surgery	12	1,521	1.57	1.022	1.014	1.63	1.000	1.63	1.138	0.987	1.000	1.83
OP - Other	58	1,117	5.44	1.022	1.014	5.64	1.000	5.64	1.138	0.987	1.000	6.33
Subtotal - Outpatient	152	605	7.68			7.97	1.000	7.97	1.138	0.986	1.000	8.94
Prof - Evaluation & Management	226	40	0.75	1.059	1.007	0.80	1.000	0.80	1.097	0.982	1.000	0.86
Prof - Maternity	-	-	-	1.059	1.007	-	1.000	-	1.097	1.000	1.000	-
Prof - Surgery	40	159	0.53	1.059	1.007	0.57	1.000	0.57	1.097	1.000	1.000	0.62
Prof - DME/Supplies	66	92	0.51	1.059	1.007	0.54	1.000	0.54	1.097	1.000	1.000	0.59
Prof - Lab	180	14	0.21	1.059	1.007	0.22	1.000	0.22	1.097	0.979	1.000	0.24
Prof - Radiology	53	49	0.22	1.059	1.007	0.23	1.000	0.23	1.097	0.979	1.000	0.25
Prof - Transportation	731	41	2.52	1.059	1.007	2.69	1.000	2.69	1.097	1.000	1.000	2.95
Prof - Other	14,960	2	2.63	1.059	1.007	2.81	1.000	2.81	1.097	1.000	1.000	3.08
Subtotal - Professional	16,257	5	7.37			7.86	1.000	7.86	1.097	0.997	1.000	8.60
Total			\$ 20.42			\$ 21.47	1.000	\$ 21.47	1.110	0.991	1.000	\$ 23.60
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 22.25			\$ 23.40		\$ 23.40				\$ 25.72

TennCare

Exhibit 4

FY 2007 Per Capita Cost Development

Development of Per Capita Costs: **Statewide**

Disenrolled Members All Ages												
Service Category	10/2004 through 9/2005 Incurred			Fiscal Year 2006 Rate Development					Fiscal Year 2007 Rate Development			
	Utilization Rates Per 1,000	Expenditure Per Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjustment	Enrollment Impact	FY 2007 PMPM
Member Months			1,903,733					479,031				-
Home Health Care	39	561	1.83	1.030	1.033	1.95	1.000	1.95	1.097	1.000	1.000	2.14
IP - Maternity	14	792	0.89	1.007	1.027	0.93	1.000	0.93	1.076	1.000	1.000	1.00
IP - Newborn	11	696	0.65	1.007	1.027	0.67	1.000	0.67	1.076	1.000	1.000	0.72
IP - Medical	389	809	26.22	1.007	1.027	27.12	1.000	27.12	1.076	0.974	1.000	28.43
IP - Surgery	169	1,626	22.88	1.007	1.027	23.66	1.000	23.66	1.076	0.974	1.000	24.81
IP - Other	20	3,132	5.30	1.007	1.027	5.48	1.000	5.480	1.076	0.974	1.000	5.74
Subtotal - Inpatient	603	1,113	55.94			57.85	1.000	57.85	1.076	0.975	1.000	60.69
OP - Emergency Room	768	225	14.42	1.022	1.014	14.95	1.000	14.95	1.138	0.987	1.000	16.79
OP - Laboratory	1,159	23	2.18	1.022	1.014	2.26	1.000	2.26	1.138	0.979	1.000	2.51
OP - Radiology	1,370	100	11.41	1.022	1.014	11.83	1.000	11.83	1.138	0.979	1.000	13.18
OP - Surgery	338	1,024	28.85	1.022	1.014	29.92	1.000	29.92	1.138	0.987	1.000	33.59
OP - Other	520	245	10.60	1.022	1.014	11.00	1.000	11.00	1.138	0.987	1.000	12.35
Subtotal - Outpatient	4,155	195	67.46			69.95	1.000	69.95	1.138	0.985	1.000	78.42
Prof - Evaluation & Management	8,731	48	34.68	1.059	1.007	37.00	1.000	37.00	1.097	0.982	1.000	39.85
Prof - Maternity	14	566	0.68	1.059	1.007	0.72	1.000	0.72	1.097	1.000	1.000	0.79
Prof - Surgery	1,236	175	17.98	1.059	1.007	19.19	1.000	19.19	1.097	1.000	1.000	21.05
Prof - DME/Supplies	473	160	6.31	1.059	1.007	6.73	1.000	6.73	1.097	1.000	1.000	7.39
Prof - Lab	5,845	15	7.20	1.059	1.007	7.68	1.000	7.68	1.097	0.979	1.000	8.25
Prof - Radiology	2,896	49	11.80	1.059	1.007	12.59	1.000	12.59	1.097	0.979	1.000	13.52
Prof - Transportation	559	72	3.34	1.059	1.007	3.56	1.000	3.56	1.097	1.000	1.000	3.91
Prof - Other	19,153	15	23.62	1.059	1.007	25.21	1.000	25.21	1.097	1.000	1.000	27.65
Subtotal - Professional	38,908	33	105.60			112.69	1.000	112.69	1.097	0.990	1.000	122.40
Total			\$ 230.84			\$ 242.45	1.000	\$ 242.45	1.104	0.985	1.000	\$ 263.65
Admin %			6.3%			6.3%		6.3%				6.3%
Premium Tax			2.0%			2.0%		2.0%				2.0%
Total Premium Rate			\$ 251.59			\$ 264.25		\$ 264.25				\$ 287.36

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs:

Exhibit 5

Statewide

Total For All Aid Categories							
All Ages							
Service Category	Admin Loads	10/2004 through 9/2005 Incurred		Fiscal Year 2006		Fiscal Year 2007	
		PMPM	Total	PMPM	Total	PMPM	Total
Member Months			16,050,953		15,080,058		14,652,707
Home Health Care		\$ 2.92	\$ 46,876,969	\$ 3.17	\$ 47,807,918	\$ 3.51	\$ 51,449,091
IP - Maternity		\$ 4.02	\$ 64,547,701	\$ 4.60	\$ 69,434,265	\$ 5.10	\$ 74,778,574
IP - Newborn		\$ 6.41	\$ 102,911,582	\$ 7.53	\$ 113,490,295	\$ 8.34	\$ 122,171,970
IP - Medical		\$ 19.90	\$ 319,348,514	\$ 19.58	\$ 295,278,113	\$ 20.35	\$ 298,143,640
IP - Surgery		\$ 11.26	\$ 180,705,788	\$ 10.24	\$ 154,406,978	\$ 10.31	\$ 151,080,745
IP - Other		\$ 4.07	\$ 65,405,970	\$ 4.05	\$ 61,045,827	\$ 4.22	\$ 61,863,273
Subtotal - Inpatient		\$ 45.66	\$ 732,919,554	\$ 46.00	\$ 693,655,478	\$ 48.32	\$ 708,038,203
OP - Emergency Room		\$ 12.41	\$ 199,271,544	\$ 12.70	\$ 191,448,748	\$ 14.26	\$ 209,000,610
OP - Laboratory		\$ 1.38	\$ 22,175,725	\$ 1.34	\$ 20,240,442	\$ 1.47	\$ 21,571,941
OP - Radiology		\$ 4.84	\$ 77,697,461	\$ 4.26	\$ 64,264,869	\$ 4.49	\$ 65,736,615
OP - Surgery		\$ 13.83	\$ 222,020,656	\$ 12.62	\$ 190,362,214	\$ 13.58	\$ 199,056,688
OP - Other		\$ 11.51	\$ 184,804,202	\$ 11.85	\$ 178,677,891	\$ 13.37	\$ 195,936,984
Subtotal - Outpatient		\$ 43.98	\$ 705,969,588	\$ 42.77	\$ 644,994,164	\$ 47.18	\$ 691,302,838
Prof - Evaluation & Management		\$ 25.37	\$ 407,183,639	\$ 26.08	\$ 393,304,260	\$ 27.94	\$ 409,429,436
Prof - Maternity		\$ 2.77	\$ 44,482,784	\$ 3.27	\$ 49,290,029	\$ 3.69	\$ 54,063,924
Prof - Surgery		\$ 7.60	\$ 121,938,658	\$ 6.90	\$ 104,034,830	\$ 7.12	\$ 104,268,997
Prof - DME/Supplies		\$ 4.02	\$ 64,469,987	\$ 3.96	\$ 59,764,939	\$ 4.23	\$ 62,046,942
Prof - Lab		\$ 4.12	\$ 66,115,251	\$ 4.06	\$ 61,158,887	\$ 4.26	\$ 62,379,261
Prof - Radiology		\$ 5.56	\$ 89,280,861	\$ 5.20	\$ 78,479,693	\$ 5.35	\$ 78,350,094
Prof - Transportation		\$ 3.26	\$ 52,399,571	\$ 3.43	\$ 51,738,539	\$ 3.75	\$ 54,965,432
Prof - Other		\$ 14.94	\$ 239,786,955	\$ 14.81	\$ 223,391,547	\$ 15.85	\$ 232,215,959
Subtotal - Professional		\$ 67.64	\$ 1,085,657,705	\$ 67.72	\$ 1,021,162,724	\$ 72.19	\$ 1,057,720,045
Total		\$ 160.20	\$ 2,571,423,817	\$ 159.66	\$ 2,407,620,284	\$ 171.20	\$ 2,508,510,176
Admin %	6.3%	\$ 10.91	\$ 175,165,110	\$ 10.88	\$ 164,006,831	\$ 11.66	\$ 170,879,440
Premium Tax	2.0%	\$ 3.49	\$ 56,052,835	\$ 3.48	\$ 52,482,186	\$ 3.73	\$ 54,681,421
Total Premium Rate		\$ 174.61	\$ 2,802,641,763	\$ 174.01	\$ 2,624,109,301	\$ 186.59	\$ 2,734,071,037

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Aid Category	Age Group	10/2004 through 9/2005 Incurred			Fiscal Year 2006			Fiscal Year 2007		
		Members	PMPM	Total	Projected	PMPM	Total	Projected	PMPM	Total
Medicaid (TANF & Related)	Age Under 1	242,916	\$ 384.27	\$ 93,346,361	272,486	\$ 401.20	\$ 109,322,086	272,239	\$ 436.18	\$ 118,744,862
	Age 1 - 13	4,191,136	\$ 65.47	\$ 274,375,236	4,521,712	\$ 68.90	\$ 311,532,087	4,551,992	\$ 76.32	\$ 347,409,106
	Age 14 - 20 Female	764,637	\$ 158.53	\$ 121,219,694	841,183	\$ 166.54	\$ 140,088,808	848,536	\$ 182.99	\$ 155,276,135
	Age 14 - 20 Male	609,277	\$ 58.52	\$ 35,657,466	679,262	\$ 61.53	\$ 41,795,874	686,045	\$ 68.10	\$ 46,718,261
	Age 21 - 44 Female	1,602,425	\$ 259.36	\$ 415,599,340	1,710,504	\$ 272.21	\$ 465,619,803	1,724,921	\$ 296.01	\$ 510,594,394
	Age 21 - 44 Male	182,166	\$ 246.05	\$ 44,821,995	177,957	\$ 257.53	\$ 45,829,944	180,117	\$ 278.36	\$ 50,136,816
	Age 45 - 64	223,115	\$ 461.38	\$ 102,941,223	203,274	\$ 483.87	\$ 98,358,231	204,657	\$ 524.12	\$ 107,265,353
	Age 65+	33,410	\$ 237.61	\$ 7,938,471	25,986	\$ 248.54	\$ 6,458,618	25,389	\$ 268.36	\$ 6,813,285
	All Ages	7,849,082	\$ 139.62	\$ 1,095,899,788	8,432,363	\$ 144.56	\$ 1,219,005,451	8,493,897	\$ 158.11	\$ 1,342,958,211
Medically Needy	Age Under 1	2,290	\$ 220.71	\$ 505,417	613	\$ 231.89	\$ 142,114	517	\$ 254.58	\$ 131,578
	Age 1 - 13	407,596	\$ 62.05	\$ 25,290,249	324,552	\$ 65.37	\$ 21,215,283	318,260	\$ 72.49	\$ 23,069,428
	Age 14 - 20 Female	179,667	\$ 140.05	\$ 25,161,829	171,686	\$ 147.17	\$ 25,266,314	170,715	\$ 162.35	\$ 27,716,243
	Age 14 - 20 Male	169,119	\$ 86.36	\$ 14,605,290	165,241	\$ 90.48	\$ 14,950,406	164,608	\$ 99.64	\$ 16,401,999
	Age 21 - 44 Female	387,992	\$ 211.88	\$ 82,207,365	345,060	\$ 222.56	\$ 76,794,746	341,906	\$ 242.39	\$ 82,874,813
	Age 21 - 44 Male	171,519	\$ 187.07	\$ 32,085,614	179,613	\$ 196.07	\$ 35,216,679	180,110	\$ 212.57	\$ 38,285,837
	Age 45 - 64	283,400	\$ 287.10	\$ 81,365,577	271,583	\$ 301.20	\$ 81,801,710	270,524	\$ 326.95	\$ 88,446,673
	Age 65+	341,939	\$ 72.71	\$ 24,863,323	329,535	\$ 76.28	\$ 25,136,767	328,405	\$ 83.74	\$ 27,499,522
	All Ages	1,943,522	\$ 147.20	\$ 286,084,663	1,787,883	\$ 156.90	\$ 280,524,019	1,775,045	\$ 171.50	\$ 304,426,092
Uninsured/Uninsurable	Age Under 1	283	\$ 273.16	\$ 77,280	91	\$ 285.36	\$ 25,947	72	\$ 309.48	\$ 22,372
	Age 1 - 13	257,772	\$ 56.45	\$ 14,552,359	220,496	\$ 59.57	\$ 13,135,982	218,535	\$ 66.03	\$ 14,429,222
	Age 14 - 19 Female	81,794	\$ 79.72	\$ 6,520,996	73,092	\$ 84.06	\$ 6,144,061	72,917	\$ 92.94	\$ 6,777,169
	Age 14 - 19 Male	85,370	\$ 59.30	\$ 5,062,601	78,010	\$ 62.43	\$ 4,870,553	77,867	\$ 69.19	\$ 5,387,696
	All Ages	425,219	\$ 61.65	\$ 26,213,237	371,689	\$ 65.05	\$ 24,176,543	369,392	\$ 72.05	\$ 26,616,460
Disabled	Age <21	527,412	\$ 354.36	\$ 186,893,234	540,572	\$ 370.91	\$ 200,501,940	541,030	\$ 409.82	\$ 221,726,160
	Age 21+	1,309,742	\$ 469.76	\$ 615,259,906	1,319,742	\$ 492.58	\$ 650,077,855	1,317,658	\$ 533.65	\$ 703,170,105
	All Ages	1,837,154	\$ 436.63	\$ 802,153,140	1,860,314	\$ 457.22	\$ 850,579,795	1,858,688	\$ 497.61	\$ 924,896,266
Duals	All Ages	2,057,113	\$ 54.71	\$ 112,544,382	2,147,321	\$ 57.38	\$ 123,205,936	2,154,223	\$ 62.73	\$ 135,136,404
Waiver Duals	All Ages	35,130	\$ 22.25	\$ 781,751	1,456	\$ 23.40	\$ 34,075	1,462	\$ 25.72	\$ 37,605
Disenrolled	All Ages	1,903,733	\$ 251.59	\$ 478,964,801	479,031	\$ 264.25	\$ 126,583,482	-	\$ 287.36	\$ -
All Groups	All Ages	16,050,953	\$ 174.61	\$ 2,802,641,763	15,080,058	\$ 174.01	\$ 2,624,109,301	14,652,707	\$ 186.59	\$ 2,734,071,037

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Exhibit 7

Total Prescription Drug Experience August 2005 through January 2006											
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Grand Total	MCO and BHO Combined										
Member Months	7,625,502										
Brand	459,448,328	3,661,309	2,881	125.49	60.25						
Generic	153,279,723	6,437,109	5,065	23.81	20.10						
Non-Drug*	10,977,822	259,613	204	42.29	1.44						
Grand Total	623,705,873	10,358,030	8,150	60.21	81.79						
Total	MCO/Physical Health					BHO/Mental Health					MCO/BHO
Member Months	7,625,502					7,625,502					
Brand	323,565,592	2,780,434	2,188	116.37	42.43	135,882,737	880,874	693	154.26	17.82	60.25
Generic	110,092,662	5,286,259	4,159	20.83	14.44	43,187,061	1,150,850	906	37.53	5.66	20.10
Non-Drug*	10,882,391	259,169	204	41.99	1.43	95,431	444	0	215.11	0.01	1.44
Grand Total	444,540,644	8,325,862	6,551	53.39	58.30	179,165,229	2,032,168	1,599	88.16	23.50	81.79
* Non-Drugs include medical supplies, bulk chemicals, etc											

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Exhibit 7

Medicaid (TANF and Related) August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Age Under 1											
Member Months	136,951					136,951					
Brand	4,731,970	20,849	913	226.96	34.55	7,837	143	6	54.97	0.06	34.61
Generic	525,007	42,066	1,843	12.48	3.83	7,080	1,436	63	4.93	0.05	3.89
Non-Drug*	17,542	627	27	27.97	0.13	-	-	-	-	-	0.13
Subtotal	5,274,519	63,542	2,784	83.01	38.51	14,917	1,578	69	9.45	0.11	38.62
Ages 1 - 13											
Member Months	2,247,654					2,247,654					
Brand	30,147,932	328,860	878	91.67	13.41	10,567,353	93,514	250	113.00	4.70	18.11
Generic	9,052,738	513,457	1,371	17.63	4.03	2,210,474	47,404	127	46.63	0.98	5.01
Non-Drug*	690,169	15,423	41	44.75	0.31	12,030	36	0	329.64	0.01	0.31
Subtotal	39,890,838	857,739	2,290	46.51	17.75	12,789,857	140,955	376	90.74	5.69	23.44
Ages 14 - 20 : Female											
Member Months	416,983					416,983					
Brand	6,315,301	81,439	1,172	77.55	15.15	2,433,961	19,832	285	122.73	5.84	20.98
Generic	2,754,596	190,896	2,747	14.43	6.61	660,161	13,861	199	47.63	1.58	8.19
Non-Drug*	211,432	3,908	56	54.10	0.51	669	3	0	195.64	0.00	0.51
Subtotal	9,281,329	276,243	3,975	33.60	22.26	3,094,792	33,697	485	91.84	7.42	29.68
Ages 14 - 20 : Male											
Member Months	336,300					336,300					
Brand	3,195,428	30,084	537	106.22	9.50	3,165,442	23,762	424	133.21	9.41	18.91
Generic	1,048,350	73,240	1,307	14.31	3.12	739,029	11,075	198	66.73	2.20	5.31
Non-Drug*	124,194	2,418	43	51.37	0.37	895	3	0	261.51	0.00	0.37
Subtotal	4,367,972	105,741	1,887	41.31	12.99	3,905,366	34,841	622	112.09	11.61	24.60
* Non-Drugs include medical supplies, bulk chemicals, etc											

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Exhibit 7

Medicaid (TANF & Related) August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Ages 21 - 44 : Female											
Member Months	848,247					848,247					
Brand	20,940,635	217,647	1,540	96.21	24.69	10,482,970	84,979	601	123.36	12.36	37.05
Generic	10,447,209	634,814	4,490	16.46	12.32	3,280,436	106,755	755	30.73	3.87	16.18
Non-Drug*	948,335	20,138	142	47.09	1.12	2,600	11	0	227.96	0.00	1.12
Subtotal	32,336,179	872,599	6,172	37.06	38.12	13,766,006	191,746	1,356	71.79	16.23	54.35
Ages 21 - 44 : Male											
Member Months	87,733					87,733					
Brand	2,557,000	18,937	1,295	135.03	29.15	1,233,776	8,091	553	152.49	14.06	43.21
Generic	1,421,012	57,331	3,921	24.79	16.20	416,882	11,623	795	35.87	4.75	20.95
Non-Drug*	118,475	2,672	183	44.34	1.35	940	9	1	103.01	0.01	1.36
Subtotal	4,096,486	78,940	5,399	51.89	46.69	1,651,598	19,722	1,349	83.74	18.83	65.52
Ages 45 - 64											
Member Months	100,711					100,711					
Brand	6,596,187	55,627	3,314	118.58	65.50	2,092,019	15,393	917	135.91	20.77	86.27
Generic	2,710,495	117,598	7,006	23.05	26.91	898,745	25,877	1,542	34.73	8.92	35.84
Non-Drug*	345,801	8,361	498	41.36	3.43	650	5	0	142.48	0.01	3.44
Subtotal	9,652,483	181,586	10,818	53.16	95.84	2,991,414	41,274	2,459	72.48	29.70	125.55
Age 65 & Over											
Member Months	13,490					13,490					
Brand	1,422,035	17,140	7,624	82.96	105.42	406,950	4,130	1,837	98.54	30.17	135.59
Generic	398,664	24,622	10,952	16.19	29.55	103,785	4,923	2,190	21.08	7.69	37.25
Non-Drug*	27,048	671	298	40.33	2.01	-	-	-	-	-	2.01
Subtotal	1,847,748	42,433	18,874	43.55	136.98	510,735	9,053	4,027	56.41	37.86	174.84
* Non-Drugs include medical supplies, bulk chemicals, etc											

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Exhibit 7

Medicaid (TANF & Related) August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Total											
Member Months	4,188,069					4,188,069					
Brand	75,906,488	770,583	1,104	98.51	18.12	30,390,309	249,843	358	121.64	7.26	25.38
Generic	28,358,072	1,654,023	2,370	17.14	6.77	8,316,593	222,955	319	37.30	1.99	8.76
Non-Drug*	2,482,995	54,218	78	45.80	0.59	17,784	68	0	259.89	0.00	0.60
Total	106,747,555	2,478,824	3,551	43.06	25.49	38,724,686	472,867	677	81.89	9.25	34.73
* Non-Drugs include medical supplies, bulk chemicals, etc											

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Exhibit 7

Medically Needy August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Age Under 1											
Member Months	353					353					
Brand	29,797	71	1,203	421.39	84.49	-	-	-	-	-	84.49
Generic	1,152	108	1,843	10.63	3.27	-	-	-	-	-	3.27
Non-Drug*	108	2	39	47.32	0.31	-	-	-	-	-	0.31
Subtotal	31,056	181	3,085	171.26	88.06	-	-	-	-	-	88.06
Ages 1 - 13											
Member Months	165,081					165,081					
Brand	2,359,083	27,257	991	86.55	14.29	927,031	8,424	306	110.05	5.62	19.91
Generic	647,107	36,247	1,317	17.85	3.92	180,554	3,484	127	51.82	1.09	5.01
Non-Drug*	87,936	1,627	59	54.03	0.53	500	2	0	219.40	0.00	0.54
Subtotal	3,094,126	65,131	2,367	47.51	18.74	1,108,085	11,910	433	93.04	6.71	25.46
Ages 14 - 20 : Female											
Member Months	86,374					86,374					
Brand	1,446,549	19,009	1,320	76.10	16.75	547,336	4,569	317	119.80	6.34	23.08
Generic	642,502	43,802	3,043	14.67	7.44	153,914	3,985	277	38.62	1.78	9.22
Non-Drug*	48,364	936	65	51.65	0.56	-	-	-	-	-	0.56
Subtotal	2,137,416	63,746	4,428	33.53	24.75	701,249	8,554	594	81.98	8.12	32.86
Ages 14 - 20 : Male											
Member Months	82,906					82,906					
Brand	704,203	7,203	521	97.76	8.49	587,687	4,273	309	137.52	7.09	15.58
Generic	268,221	19,719	1,427	13.60	3.24	121,729	2,686	194	45.32	1.47	4.70
Non-Drug*	46,091	769	56	59.96	0.56	345	1	0	302.65	0.00	0.56
Subtotal	1,018,515	27,691	2,004	36.78	12.29	709,761	6,960	504	101.97	8.56	20.85
* Non-Drugs include medical supplies, bulk chemicals, etc											

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Exhibit 7

Medically Needy August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Ages 21 - 44 : Female											
Member Months	173,963					173,963					
Brand	5,615,693	51,005	1,759	110.10	32.28	2,794,689	21,673	747	128.95	16.06	48.35
Generic	2,573,654	132,424	4,567	19.43	14.79	990,398	27,867	961	35.54	5.69	20.49
Non-Drug*	215,259	4,450	153	48.37	1.24	1,404	13	0	111.93	0.01	1.25
Subtotal	8,404,606	187,879	6,480	44.73	48.31	3,786,491	49,552	1,709	76.41	21.77	70.08
Ages 21 - 44 : Male											
Member Months	89,525					89,525					
Brand	3,136,914	17,819	1,194	176.04	35.04	1,278,840	7,857	527	162.77	14.28	49.32
Generic	1,154,453	46,901	3,143	24.61	12.90	410,369	10,413	698	39.41	4.58	17.48
Non-Drug*	106,590	2,359	158	45.19	1.19	549	2	0	240.81	0.01	1.20
Subtotal	4,397,957	67,079	4,496	65.56	49.13	1,689,758	18,272	1,225	92.48	18.87	68.00
Ages 45 - 64											
Member Months	136,158					136,158					
Brand	17,039,201	127,097	5,601	134.06	125.14	4,300,723	29,609	1,305	145.25	31.59	156.73
Generic	6,055,604	219,556	9,675	27.58	44.47	2,068,337	53,724	2,367	38.50	15.19	59.67
Non-Drug*	637,876	15,360	677	41.53	4.68	792	6	0	138.87	0.01	4.69
Subtotal	23,732,681	362,014	15,953	65.56	174.30	6,369,852	83,339	3,672	76.43	46.78	221.08
Age 65 & Over											
Member Months	165,263					165,263					
Brand	19,970,327	198,794	7,217	100.46	120.84	2,091,983	19,529	709	107.12	12.66	133.50
Generic	5,650,473	296,810	10,776	19.04	34.19	1,277,019	48,788	1,771	26.17	7.73	41.92
Non-Drug*	570,649	14,900	541	38.30	3.45	535	7	0	78.24	0.00	3.46
Subtotal	26,191,449	510,504	18,534	51.31	158.48	3,369,537	68,323	2,481	49.32	20.39	178.87
* Non-Drugs include medical supplies, bulk chemicals, etc											

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Exhibit 7

Medically Needy August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Total											
Member Months	899,622					899,622					
Brand	50,301,768	448,254	2,990	112.22	55.91	12,528,287	95,933	640	130.59	13.93	69.84
Generic	16,993,167	795,568	5,306	21.36	18.89	5,202,321	150,946	1,007	34.46	5.78	24.67
Non-Drug*	1,712,872	40,404	269	42.39	1.90	4,126	31	0	134.00	0.00	1.91
Total	69,007,807	1,284,226	8,565	53.73	76.71	17,734,734	246,910	1,647	71.83	19.71	96.42
* Non-Drugs include medical supplies, bulk chemicals, etc											

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Exhibit 7

Uninsured/Uninsurable August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Age Under 1											
Member Months	54					54					
Brand	185	5	504	40.58	3.41	-	-	-	-	-	3.41
Generic	30	3	378	8.89	0.56	-	-	-	-	-	0.56
Non-Drug*	-	-	-	-	-	-	-	-	-	-	-
Subtotal	216	8	883	27.00	3.97	-	-	-	-	-	3.97
Ages 1 - 13											
Member Months	111,862					111,862					
Brand	2,124,753	20,578	1,104	103.25	18.99	806,651	7,065	379	114.17	7.21	26.21
Generic	445,542	24,315	1,304	18.32	3.98	153,368	2,695	145	56.91	1.37	5.35
Non-Drug*	76,897	1,207	65	63.73	0.69	761	3	0	222.54	0.01	0.69
Subtotal	2,647,192	46,100	2,473	57.42	23.66	960,780	9,764	524	98.40	8.59	32.25
Ages 14 - 20 : Female											
Member Months	36,823					36,823					
Brand	600,694	7,936	1,293	75.70	16.31	277,071	2,174	354	127.46	7.52	23.84
Generic	238,586	14,301	2,330	16.68	6.48	62,068	1,185	193	52.38	1.69	8.16
Non-Drug*	37,196	559	91	66.56	1.01	-	-	-	-	-	1.01
Subtotal	876,477	22,795	3,714	38.45	23.80	339,138	3,359	547	100.97	9.21	33.01
Ages 14 - 20 : Male											
Member Months	39,189					39,189					
Brand	900,615	5,065	775	177.81	22.98	394,236	2,904	445	135.77	10.06	33.04
Generic	150,565	8,700	1,332	17.31	3.84	80,558	1,205	185	66.83	2.06	5.90
Non-Drug*	34,959	494	76	70.79	0.89	-	-	-	-	-	0.89
Subtotal	1,086,139	14,258	2,183	76.18	27.72	474,793	4,109	629	115.54	12.12	39.83
* Non-Drugs include medical supplies, bulk chemicals, etc											

TennCare
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Exhibit 7

Uninsured/Uninsurable August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Total											
Member Months	187,928					187,928					
Brand	3,626,248	33,583	1,072	107.98	19.30	1,477,957	12,143	388	121.71	7.86	27.16
Generic	834,723	47,319	1,511	17.64	4.44	295,994	5,085	162	58.20	1.58	6.02
Non-Drug*	149,053	2,259	72	65.97	0.79	761	3	0	222.54	0.00	0.80
Total	4,610,024	83,161	2,655	55.43	24.53	1,774,712	17,232	550	102.99	9.44	33.97
* Non-Drugs include medical supplies, bulk chemicals, etc											

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

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Exhibit 7

Disabled August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Ages Under 21											
Member Months	269,993					269,993					
Brand	21,656,553	73,544	1,634	294.47	80.21	11,392,042	72,613	1,614	156.89	42.19	122.41
Generic	1,985,873	110,111	2,447	18.04	7.36	2,726,723	35,036	779	77.83	10.10	17.45
Non-Drug*	267,707	4,584	102	58.41	0.99	19,923	55	1	363.93	0.07	1.07
Subtotal	23,910,132	188,239	4,183	127.02	88.56	14,138,688	107,703	2,393	131.27	52.37	140.93
Ages Over 21											
Member Months	660,842					660,842					
Brand	52,147,484	396,631	3,601	131.48	78.91	32,250,372	160,793	1,460	200.57	48.80	127.71
Generic	20,384,766	868,044	7,881	23.48	30.85	9,955,948	253,641	2,303	39.25	15.07	45.91
Non-Drug*	3,038,212	72,326	657	42.01	4.60	24,245	88	1	276.09	0.04	4.63
Subtotal	75,570,462	1,337,001	12,139	56.52	114.35	42,230,565	414,522	3,764	101.88	63.90	178.26
Total											
Member Months	930,835					930,835					
Brand	73,804,036	470,175	3,031	156.97	79.29	43,642,414	233,405	1,504	186.98	46.89	126.17
Generic	22,370,639	978,154	6,305	22.87	24.03	12,682,671	288,677	1,861	43.93	13.63	37.66
Non-Drug*	3,305,919	76,910	496	42.98	3.55	44,168	143	1	309.82	0.05	3.60
Total	99,480,595	1,525,240	9,831	65.22	106.87	56,369,253	522,225	3,366	107.94	60.56	167.43
* Non-Drugs include medical supplies, bulk chemicals, etc											

TennCare
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 Development of Per Capita Costs:

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Exhibit 7

Duals, Waiver Duals and State Only & Judicials August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Duals											
Member Months	1,068,966					1,068,966					
Brand	115,326,154	1,024,622	5,751	112.55	107.89	44,381,748	268,986	1,510	165.00	41.52	149.40
Generic	39,835,498	1,750,894	9,828	22.75	37.27	15,575,064	453,831	2,547	34.32	14.57	51.84
Non-Drug*	2,966,306	79,529	446	37.30	2.77	21,796	79	0	276.97	0.02	2.80
Total	158,127,958	2,855,045	16,025	55.39	147.93	59,978,608	722,896	4,058	82.97	56.11	204.04
Waiver Duals											
Member Months	729					729					
Brand	11,490	116	957	98.77	15.76	3,001	18	150	164.46	4.12	19.88
Generic	5,753	276	2,271	20.84	7.89	2,307	55	451	42.15	3.16	11.06
Non-Drug*	216	6	47	37.83	0.30	-	-	-	-	-	0.30
Total	17,459	398	3,276	43.86	23.95	5,308	73	601	72.73	7.28	31.23
State Only & Judicials											
Member Months	29,318					29,318					
Brand	-	-	-	-	-	1,983,865	11,254	2,303	176.28	67.67	67.67
Generic	-	-	-	-	-	492,961	13,171	2,696	37.43	16.81	16.81
Non-Drug*	-	-	-	-	-	5,819	117	24	49.54	0.20	0.20
Total	-	-	-	-	-	2,482,645	24,543	5,023	101.15	84.68	84.68
* Non-Drugs include medical supplies, bulk chemicals, etc											

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Exhibit 7

Disenrolled August 2005 through January 2006											
	MCO/Physical Health					BHO/Mental Health					MCO/BHO
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM
Ages Under 21											
Member Months	5,566					5,566					
Brand	82,236	951	1,025	86.46	14.78	41,060	289	311	142.30	7.38	22.15
Generic	29,673	1,832	1,975	16.20	5.33	10,190	202	218	50.48	1.83	7.16
Non-Drug*	3,975	56	60	71.12	0.71	-	-	-	-	-	0.71
Subtotal	115,884	2,839	3,060	40.82	20.82	51,251	490	529	104.51	9.21	30.03
Ages Over 21											
Member Months	314,468					314,468					
Brand	4,507,171	32,149	613	140.20	14.33	1,434,096	9,002	172	159.31	4.56	18.89
Generic	1,665,136	58,192	1,110	28.61	5.30	608,959	15,928	304	38.23	1.94	7.23
Non-Drug*	261,055	5,788	110	45.10	0.83	977	2	0	428.14	0.00	0.83
Subtotal	6,433,363	96,129	1,834	66.92	20.46	2,044,032	24,932	476	81.98	6.50	26.96
Total											
Member Months	320,034					320,034					
Brand	4,589,408	33,100	621	138.65	14.34	1,475,156	9,290	174	158.78	4.61	18.95
Generic	1,694,810	60,024	1,125	28.24	5.30	619,150	16,130	302	38.39	1.93	7.23
Non-Drug*	265,030	5,844	110	45.35	0.83	977	2	0	428.14	0.00	0.83
Total	6,549,247	98,968	1,855	66.18	20.46	2,095,282	25,423	477	82.42	6.55	27.01
* Non-Drugs include medical supplies, bulk chemicals, etc											

Statewide

Total Prescription Drug Experience																		
August 2005 through January 2006								Data Adjustment Factors					Capitation Rates					
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM	
Grand Total	MCO and BHO Combined																	
Member Months	7,625,502													15,138,694				14,711,344
Brand	2,881	125.49	60.25					1.0272	1.0000	61.89	0.8842	1.0055	55.03	1.1800	0.7832	1.0139	51.56	
Generic	5,065	23.81	20.10					1.0272	1.0000	20.65	0.8796	1.0052	18.26	1.1800	0.7776	1.0116	16.95	
Non-Drug*	204	42.29	1.44					1.0272	1.0000	1.48	0.9094	1.0022	1.35	1.1800	0.8612	1.0034	1.37	
Grand Total	8,150	60.21	81.79							84.02			74.63	1.1800	0.7832	1.0131	69.88	
Total	MCO/Physical Health			BHO/Mental Health			MCO/BHO											
Member Months	7,625,502																	
Brand	2,188	116.37	42.43	693	154.26	17.82	60.25	1.0272	1.0000	61.89	0.8842	1.0055	55.03	1.1800	0.7832	1.0139	51.56	
Generic	4,159	20.83	14.44	906	37.53	5.66	20.10	1.0272	1.0000	20.65	0.8796	1.0052	18.26	1.1800	0.7776	1.0116	16.95	
Non-Drug*	204	41.99	1.43	0	215.11	0.01	1.44	1.0272	1.0000	1.48	0.9094	1.0022	1.35	1.1800	0.8612	1.0034	1.37	
Grand Total	6,551	53.39	58.30	1,599	88.16	23.50	81.79			84.02			74.63	1.1800	0.7832	1.0131	69.88	
Admin %							0.56%			0.56%			0.56%				0.56%	
Premium Tax							0.00%			0.00%			0.00%				0.00%	
Total Premium Rate							\$ 82.25			\$ 84.49			\$ 75.05				\$ 70.28	
* Non-Drugs include medical supplies, bulk chemicals, etc																		

Statewide

Medicaid (TANF and Related)																	
August 2005 through January 2006																	
	MCO/Physical Health			BHO/Mental Health			MCO/BHO	Data Adjustment Factors					Capitation Rates				
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Age Under 1																	
Member Months	136,951											272,486				272,239	
Brand	913	226.96	34.55	6	54.97	0.06	34.61	1.0272	1.0000	35.55	1.0000	1.0000	35.55	1.1800	1.0000	1.0000	41.95
Generic	1,843	12.48	3.83	63	4.93	0.05	3.89	1.0272	1.0000	3.99	1.0000	1.0000	3.99	1.1800	1.0000	1.0000	4.71
Non-Drug*	27	27.97	0.13	-	-	-	0.13	1.0272	1.0000	0.13	1.0000	1.0000	0.13	1.1800	1.0000	1.0000	0.16
Subtotal	2,784	83.01	38.51	69	9.45	0.11	38.62			39.67			39.67				46.82
Admin %							0.56%			0.56%			0.56%			0.56%	
Premium Tax							0.00%			0.00%			0.00%			0.00%	
Total Premium Rate							\$ 38.84			\$ 39.90			\$ 39.90			\$ 47.08	
Ages 1 - 13																	
Member Months	2,247,654											4,521,712				4,551,992	
Brand	878	91.67	13.41	250	113.00	4.70	18.11	1.0272	1.0000	18.61	1.0000	1.0000	18.61	1.1800	1.0000	1.0000	21.96
Generic	1,371	17.63	4.03	127	46.63	0.98	5.01	1.0272	1.0000	5.15	1.0000	1.0000	5.15	1.1800	1.0000	1.0000	6.07
Non-Drug*	41	44.75	0.31	0	329.64	0.01	0.31	1.0272	1.0000	0.32	1.0000	1.0000	0.32	1.1800	1.0000	1.0000	0.38
Subtotal	2,290	46.51	17.75	376	90.74	5.69	23.44			24.08			24.08				28.41
Admin %							0.56%			0.56%			0.56%			0.56%	
Premium Tax							0.00%			0.00%			0.00%			0.00%	
Total Premium Rate							\$ 23.57			\$ 24.21			\$ 24.21			\$ 28.57	
Ages 14 - 20 : Female																	
Member Months	416,983											841,183				848,536	
Brand	1,172	77.55	15.15	285	122.73	5.84	20.98	1.0272	1.0000	21.55	1.0000	1.0000	21.55	1.1800	1.0000	1.0000	25.43
Generic	2,747	14.43	6.61	199	47.63	1.58	8.19	1.0272	1.0000	8.41	1.0000	1.0000	8.41	1.1800	1.0000	1.0000	9.93
Non-Drug*	56	54.10	0.51	0	195.64	0.00	0.51	1.0272	1.0000	0.52	1.0000	1.0000	0.52	1.1800	1.0000	1.0000	0.62
Subtotal	3,975	33.60	22.26	485	91.84	7.42	29.68			30.49			30.49				35.98
Admin %							0.56%			0.56%			0.56%			0.56%	
Premium Tax							0.00%			0.00%			0.00%			0.00%	
Total Premium Rate							\$ 29.85			\$ 30.66			\$ 30.66			\$ 36.18	
Ages 14 - 20 : Male																	
Member Months	336,300											679,262				686,045	
Brand	537	106.22	9.50	424	133.21	9.41	18.91	1.0272	1.0000	19.43	1.0000	1.0000	19.43	1.1800	1.0000	1.0000	22.93
Generic	1,307	14.31	3.12	198	66.73	2.20	5.31	1.0272	1.0000	5.46	1.0000	1.0000	5.46	1.1800	1.0000	1.0000	6.44
Non-Drug*	43	51.37	0.37	0	261.51	0.00	0.37	1.0272	1.0000	0.38	1.0000	1.0000	0.38	1.1800	1.0000	1.0000	0.45
Subtotal	1,887	41.31	12.99	622	112.09	11.61	24.60			25.27			25.27				29.82
Admin %							0.56%			0.56%			0.56%			0.56%	
Premium Tax							0.00%			0.00%			0.00%			0.00%	
Total Premium Rate							\$ 24.74			\$ 25.41			\$ 25.41			\$ 29.99	

* Non-Drugs include medical supplies, bulk chemicals, etc

Statewide

Medicaid (TANF & Related)																	
August 2005 through January 2006																	
	MCO/Physical Health			BHO/Mental Health			MCO/BHO	Data Adjustment Factors					Capitation Rates				
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages 21 - 44 : Female																	
Member Months	848,247											1,710,504				1,724,921	
Brand	1,540	96.21	24.69	601	123.36	12.36	37.05	1.0272	1.0000	38.05	1.0000	1.0000	38.05	1.1800	1.1000	1.0000	49.39
Generic	4,490	16.46	12.32	755	30.73	3.87	16.18	1.0272	1.0000	16.62	1.0000	1.0000	16.62	1.1800	1.1000	1.0000	21.58
Non-Drug*	142	47.09	1.12	0	227.96	0.00	1.12	1.0272	1.0000	1.15	1.0000	1.0000	1.15	1.1800	1.1000	1.0000	1.49
Subtotal	6,172	37.06	38.12	1,356	71.79	16.23	54.35			55.83			55.83				72.47
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 54.66			\$ 56.14			\$ 56.14				\$ 72.88
Ages 21 - 44 : Male																	
Member Months	87,733											177,957				180,117	
Brand	1,295	135.03	29.15	553	152.49	14.06	43.21	1.0272	1.0000	44.39	1.0000	1.0000	44.39	1.1800	1.1000	1.0000	57.61
Generic	3,921	24.79	16.20	795	35.87	4.75	20.95	1.0272	1.0000	21.52	1.0000	1.0000	21.52	1.1800	1.1000	1.0000	27.93
Non-Drug*	183	44.34	1.35	1	103.01	0.01	1.36	1.0272	1.0000	1.40	1.0000	1.0000	1.40	1.1800	1.1000	1.0000	1.81
Subtotal	5,399	51.89	46.69	1,349	83.74	18.83	65.52			67.30			67.30				87.36
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 65.89			\$ 67.68			\$ 67.68				\$ 87.85
Ages 45 - 64																	
Member Months	100,711											203,274				204,657	
Brand	3,314	118.58	65.50	917	135.91	20.77	86.27	1.0272	1.0000	88.62	1.0000	1.0000	88.62	1.1800	1.1000	1.0000	115.03
Generic	7,006	23.05	26.91	1,542	34.73	8.92	35.84	1.0272	1.0000	36.81	1.0000	1.0000	36.81	1.1800	1.1000	1.0000	47.78
Non-Drug*	498	41.36	3.43	0	142.48	0.01	3.44	1.0272	1.0000	3.53	1.0000	1.0000	3.53	1.1800	1.1000	1.0000	4.59
Subtotal	10,818	53.16	95.84	2,459	72.48	29.70	125.55			128.97			128.97				167.40
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 126.25			\$ 129.69			\$ 129.69				\$ 168.34
Age 65 & Over																	
Member Months	13,490											25,986				25,389	
Brand	7,624	82.96	105.42	1,837	98.54	30.17	135.59	1.0272	1.0000	139.28	1.0000	1.0000	139.28	1.1800	1.1000	1.0000	180.78
Generic	10,952	16.19	29.55	2,190	21.08	7.69	37.25	1.0272	1.0000	38.26	1.0000	1.0000	38.26	1.1800	1.1000	1.0000	49.66
Non-Drug*	298	40.33	2.01	-	-	-	2.01	1.0272	1.0000	2.06	1.0000	1.0000	2.06	1.1800	1.1000	1.0000	2.67
Subtotal	18,874	43.55	136.98	4,027	56.41	37.86	174.84			179.60			179.60				233.12
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 175.82			\$ 180.61			\$ 180.61				\$ 234.43

* Non-Drugs include medical supplies, bulk chemicals, etc

Statewide

Medicaid (TANF & Related)																	
August 2005 through January 2006																	
	MCO/Physical Health			BHO/Mental Health			MCO/BHO	Data Adjustment Factors					Capitation Rates				
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Total																	
Member Months	4,188,069											8,432,363					8,493,897
Brand	1,104	98.51	18.12	358	121.64	7.26	25.38	1.0272	1.0000	26.07	1.0000	0.9997	26.06	1.1800	1.0431	0.9997	32.07
Generic	2,370	17.14	6.77	319	37.30	1.99	8.76	1.0272	1.0000	9.00	1.0000	1.0005	9.00	1.1800	1.0537	1.0002	11.19
Non-Drug*	78	45.80	0.59	0	259.89	0.00	0.60	1.0272	1.0000	0.61	1.0000	1.0008	0.61	1.1800	1.0578	1.0003	0.77
Total	3,551	43.06	25.49	677	81.89	9.25	34.73			35.68			35.68				44.03
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 34.93			\$ 35.88			\$ 35.88				\$ 44.28

* Non-Drugs include medical supplies, bulk chemicals, etc

Medically Needy																		
August 2005 through January 2006																		
	MCO/Physical Health			BHO/Mental Health			MCO/BHO	Data Adjustment Factors					Capitation Rates					
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM	
Age Under 1																		
Member Months	353											613					517	
Brand	1,203	421.39	84.49	-	-	-	84.49	1.0272	1.0000	86.79	1.0000	1.0000	86.79	1.1800	1.0000	1.0000	102.41	
Generic	1,843	10.63	3.27	-	-	-	3.27	1.0272	1.0000	3.35	1.0000	1.0000	3.35	1.1800	1.0000	1.0000	3.96	
Non-Drug*	39	47.32	0.31	-	-	-	0.31	1.0272	1.0000	0.31	1.0000	1.0000	0.31	1.1800	1.0000	1.0000	0.37	
Subtotal	3,085	171.26	88.06	-	-	-	88.06			90.46			90.46				106.74	
Admin %							0.56%			0.56%			0.56%				0.56%	
Premium Tax							0.00%			0.00%			0.00%				0.00%	
Total Premium Rate							\$ 88.56			\$ 90.97			\$ 90.97				\$ 107.34	
Ages 1 - 13																		
Member Months	165,081											324,552						318,260
Brand	991	86.55	14.29	306	110.05	5.62	19.91	1.0272	1.0000	20.45	1.0000	1.0000	20.45	1.1800	1.0000	1.0000	24.13	
Generic	1,317	17.85	3.92	127	51.82	1.09	5.01	1.0272	1.0000	5.15	1.0000	1.0000	5.15	1.1800	1.0000	1.0000	6.08	
Non-Drug*	59	54.03	0.53	0	219.40	0.00	0.54	1.0272	1.0000	0.55	1.0000	1.0000	0.55	1.1800	1.0000	1.0000	0.65	
Subtotal	2,367	47.51	18.74	433	93.04	6.71	25.46			26.15			26.15				30.86	
Admin %							0.56%			0.56%			0.56%				0.56%	
Premium Tax							0.00%			0.00%			0.00%				0.00%	
Total Premium Rate							\$ 25.60			\$ 26.30			\$ 26.30				\$ 31.03	
Ages 14 - 20 : Female																		
Member Months	86,374											171,686						170,715
Brand	1,320	76.10	16.75	317	119.80	6.34	23.08	1.0272	1.0000	23.71	1.0000	1.0000	23.71	1.1800	1.0000	1.0000	27.98	
Generic	3,043	14.67	7.44	277	38.62	1.78	9.22	1.0272	1.0000	9.47	1.0000	1.0000	9.47	1.1800	1.0000	1.0000	11.18	
Non-Drug*	65	51.65	0.56	-	-	-	0.56	1.0272	1.0000	0.58	1.0000	1.0000	0.58	1.1800	1.0000	1.0000	0.68	
Subtotal	4,428	33.53	24.75	594	81.98	8.12	32.86			33.76			33.76				39.84	
Admin %							0.56%			0.56%			0.56%				0.56%	
Premium Tax							0.00%			0.00%			0.00%				0.00%	
Total Premium Rate							\$ 33.05			\$ 33.95			\$ 33.95				\$ 40.06	
Ages 14 - 20 : Male																		
Member Months	82,906											165,241						164,608
Brand	521	97.76	8.49	309	137.52	7.09	15.58	1.0272	1.0000	16.01	1.0000	1.0000	16.01	1.1800	1.0000	1.0000	18.89	
Generic	1,427	13.60	3.24	194	45.32	1.47	4.70	1.0272	1.0000	4.83	1.0000	1.0000	4.83	1.1800	1.0000	1.0000	5.70	
Non-Drug*	56	59.96	0.56	0	302.65	0.00	0.56	1.0272	1.0000	0.58	1.0000	1.0000	0.58	1.1800	1.0000	1.0000	0.68	
Subtotal	2,004	36.78	12.29	504	101.97	8.56	20.85			21.41			21.41				25.27	
Admin %							0.56%			0.56%			0.56%				0.56%	
Premium Tax							0.00%			0.00%			0.00%				0.00%	
Total Premium Rate							\$ 20.96			\$ 21.53			\$ 21.53				\$ 25.41	

* Non-Drugs include medical supplies, bulk chemicals, etc

Statewide

Medically Needy																	
August 2005 through January 2006																	
	MCO/Physical Health			BHO/Mental Health			MCO/BHO	Data Adjustment Factors					Capitation Rates				
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages 21 - 44 : Female																	
Member Months	173,963											345,060				341,906	
Brand	1,759	110.10	32.28	747	128.95	16.06	48.35	1.0272	1.0000	49.66	1.0000	1.0000	49.66	1.1800	1.1000	1.0000	64.46
Generic	4,567	19.43	14.79	961	35.54	5.69	20.49	1.0272	1.0000	21.05	1.0000	1.0000	21.05	1.1800	1.1000	1.0000	27.32
Non-Drug*	153	48.37	1.24	0	111.93	0.01	1.25	1.0272	1.0000	1.28	1.0000	1.0000	1.28	1.1800	1.1000	1.0000	1.66
Subtotal	6,480	44.73	48.31	1,709	76.41	21.77	70.08			71.99			71.99				93.44
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 70.47			\$ 72.39			\$ 72.39				\$ 93.97
Ages 21 - 44 : Male																	
Member Months	89,525											179,613				180,110	
Brand	1,194	176.04	35.04	527	162.77	14.28	49.32	1.0272	1.0000	50.67	1.0000	1.0000	50.67	1.1800	1.1000	1.0000	65.77
Generic	3,143	24.61	12.90	698	39.41	4.58	17.48	1.0272	1.0000	17.96	1.0000	1.0000	17.96	1.1800	1.1000	1.0000	23.31
Non-Drug*	158	45.19	1.19	0	240.81	0.01	1.20	1.0272	1.0000	1.23	1.0000	1.0000	1.23	1.1800	1.1000	1.0000	1.60
Subtotal	4,496	65.56	49.13	1,225	92.48	18.87	68.00			69.85			69.85				90.67
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 68.38			\$ 70.25			\$ 70.25				\$ 91.18
Ages 45 - 64																	
Member Months	136,158											271,583				270,524	
Brand	5,601	134.06	125.14	1,305	145.25	31.59	156.73	1.0272	1.0000	161.00	1.0000	1.0000	161.00	1.1800	1.1000	1.0000	208.98
Generic	9,675	27.58	44.47	2,367	38.50	15.19	59.67	1.0272	1.0000	61.29	1.0000	1.0000	61.29	1.1800	1.1000	1.0000	79.56
Non-Drug*	677	41.53	4.68	0	138.87	0.01	4.69	1.0272	1.0000	4.82	1.0000	1.0000	4.82	1.1800	1.1000	1.0000	6.25
Subtotal	15,953	65.56	174.30	3,672	76.43	46.78	221.08			227.11			227.11				294.79
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 222.33			\$ 228.39			\$ 228.39				\$ 296.45
Age 65 & Over																	
Member Months	165,263											329,535				328,405	
Brand	7,217	100.46	120.84	709	107.12	12.66	133.50	1.0272	1.0000	137.14	1.0000	1.0000	137.14	1.1800	1.1000	1.0000	178.00
Generic	10,776	19.04	34.19	1,771	26.17	7.73	41.92	1.0272	1.0000	43.06	1.0000	1.0000	43.06	1.1800	1.1000	1.0000	55.89
Non-Drug*	541	38.30	3.45	0	78.24	0.00	3.46	1.0272	1.0000	3.55	1.0000	1.0000	3.55	1.1800	1.1000	1.0000	4.61
Subtotal	18,534	51.31	158.48	2,481	49.32	20.39	178.87			183.75			183.75				238.50
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 179.88			\$ 184.78			\$ 184.78				\$ 239.85

* Non-Drugs include medical supplies, bulk chemicals, etc

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Medically Needy																	
August 2005 through January 2006																	
	MCO/Physical Health			BHO/Mental Health			MCO/BHO	Data Adjustment Factors					Capitation Rates				
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Total																	
Member Months	899,622												1,787,883				1,775,045
Brand	2,990	112.22	55.91	640	130.59	13.93	69.84	1.0272	1.0000	71.74	1.0000	1.0023	71.91	1.1800	1.0896	1.0024	92.67
Generic	5,306	21.36	18.89	1,007	34.46	5.78	24.67	1.0272	1.0000	25.34	1.0000	1.0024	25.40	1.1800	1.0910	1.0025	32.79
Non-Drug*	269	42.39	1.90	0	134.00	0.00	1.91	1.0272	1.0000	1.96	1.0000	1.0023	1.97	1.1800	1.0894	1.0024	2.53
Total	8,565	53.73	76.71	1,647	71.83	19.71	96.42			99.05			99.28				127.99
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 96.96			\$ 99.61			\$ 99.83				\$ 128.71

* Non-Drugs include medical supplies, bulk chemicals, etc

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Uninsured/Uninsurable																	
August 2005 through January 2006																	
	MCO/Physical Health			BHO/Mental Health			MCO/BHO	Data Adjustment Factors					Capitation Rates				
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Age Under 1																	
Member Months	54											91					72
Brand	504	40.58	3.41	-	-	-	3.41	1.0272	1.0000	3.50	1.0000	1.0000	3.50	1.1800	1.0000	1.0000	4.14
Generic	378	8.89	0.56	-	-	-	0.56	1.0272	1.0000	0.58	1.0000	1.0000	0.58	1.1800	1.0000	1.0000	0.68
Non-Drug*	-	-	-	-	-	-	-	1.0272	1.0000	-	1.0000	1.0000	-	1.1800	1.0000	1.0000	-
Subtotal	883	27.00	3.97	-	-	-	3.97			4.08			4.08				4.81
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 3.99			\$ 4.10			\$ 4.10				\$ 4.84
Ages 1 - 13																	
Member Months	111,862											220,496					218,535
Brand	1,104	103.25	18.99	379	114.17	7.21	26.21	1.0272	1.0000	26.92	1.0000	1.0000	26.92	1.1800	1.0000	1.0000	31.77
Generic	1,304	18.32	3.98	145	56.91	1.37	5.35	1.0272	1.0000	5.50	1.0000	1.0000	5.50	1.1800	1.0000	1.0000	6.49
Non-Drug*	65	63.73	0.69	0	222.54	0.01	0.69	1.0272	1.0000	0.71	1.0000	1.0000	0.71	1.1800	1.0000	1.0000	0.84
Subtotal	2,473	57.42	23.66	524	98.40	8.59	32.25			33.13			33.13				39.10
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 32.44			\$ 33.32			\$ 33.32				\$ 39.32
Ages 14 - 20 : Female																	
Member Months	36,823											73,092					72,917
Brand	1,293	75.70	16.31	354	127.46	7.52	23.84	1.0272	1.0000	24.49	1.0000	1.0000	24.49	1.1800	1.0000	1.0000	28.89
Generic	2,330	16.68	6.48	193	52.38	1.69	8.16	1.0272	1.0000	8.39	1.0000	1.0000	8.39	1.1800	1.0000	1.0000	9.90
Non-Drug*	91	66.56	1.01	-	-	-	1.01	1.0272	1.0000	1.04	1.0000	1.0000	1.04	1.1800	1.0000	1.0000	1.22
Subtotal	3,714	38.45	23.80	547	100.97	9.21	33.01			33.91			33.91				40.02
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 33.20			\$ 34.10			\$ 34.10				\$ 40.24
Ages 14 - 20 : Male																	
Member Months	39,189											78,010					77,867
Brand	775	177.81	22.98	445	135.77	10.06	33.04	1.0272	1.0000	33.94	1.0000	1.0000	33.94	1.1800	1.0000	1.0000	40.05
Generic	1,332	17.31	3.84	185	66.83	2.06	5.90	1.0272	1.0000	6.06	1.0000	1.0000	6.06	1.1800	1.0000	1.0000	7.15
Non-Drug*	76	70.79	0.89	-	-	-	0.89	1.0272	1.0000	0.92	1.0000	1.0000	0.92	1.1800	1.0000	1.0000	1.08
Subtotal	2,183	76.18	27.72	629	115.54	12.12	39.83			40.92			40.92				48.28
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 40.06			\$ 41.15			\$ 41.15				\$ 48.55

* Non-Drugs include medical supplies, bulk chemicals, etc

Statewide

Uninsured/Uninsurable																	
August 2005 through January 2006																	
	MCO/Physical Health			BHO/Mental Health			MCO/BHO	Data Adjustment Factors					Capitation Rates				
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Total																	
Member Months	187,928											371,689					369,392
Brand	1,072	107.98	19.30	388	121.71	7.86	27.16	1.0272	1.0000	27.90	1.0000	1.0003	27.91	1.1800	1.0000	1.0002	32.94
Generic	1,511	17.64	4.44	162	58.20	1.58	6.02	1.0272	1.0000	6.18	1.0000	1.0005	6.18	1.1800	1.0000	1.0005	7.30
Non-Drug*	72	65.97	0.79	0	222.54	0.00	0.80	1.0272	1.0000	0.82	1.0000	1.0007	0.82	1.1800	1.0000	1.0006	0.97
Total	2,655	55.43	24.53	550	102.99	9.44	33.97			34.90			34.91				41.21
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 34.17			\$ 35.10			\$ 35.11				\$ 41.44

* Non-Drugs include medical supplies, bulk chemicals, etc

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Disabled																	
August 2005 through January 2006																	
	MCO/Physical Health			BHO/Mental Health			MCO/BHO	Data Adjustment Factors					Capitation Rates				
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages Under 21																	
Member Months	269,993											540,572					541,030
Brand	1,634	294.47	80.21	1,614	156.89	42.19	122.41	1.0272	1.0000	125.74	1.0000	1.0000	125.74	1.1800	1.0000	1.0000	148.37
Generic	2,447	18.04	7.36	779	77.83	10.10	17.45	1.0272	1.0000	17.93	1.0000	1.0000	17.93	1.1800	1.0000	1.0000	21.16
Non-Drug*	102	58.41	0.99	1	363.93	0.07	1.07	1.0272	1.0000	1.09	1.0000	1.0000	1.09	1.1800	1.0000	1.0000	1.29
Subtotal	4,183	127.02	88.56	2,393	131.27	52.37	140.93			144.76			144.76				170.82
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 141.72			\$ 145.58			\$ 145.58				\$ 171.78
Ages Over 21																	
Member Months	660,842											1,319,742					1,317,658
Brand	3,601	131.48	78.91	1,460	200.57	48.80	127.71	1.0272	1.0000	131.19	1.0000	1.0000	131.19	1.1800	1.1000	1.0000	170.29
Generic	7,881	23.48	30.85	2,303	39.25	15.07	45.91	1.0272	1.0000	47.16	1.0000	1.0000	47.16	1.1800	1.1000	1.0000	61.22
Non-Drug*	657	42.01	4.60	1	276.09	0.04	4.63	1.0272	1.0000	4.76	1.0000	1.0000	4.76	1.1800	1.1000	1.0000	6.18
Subtotal	12,139	56.52	114.35	3,764	101.88	63.90	178.26			183.12			183.12				237.68
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 179.26			\$ 184.15			\$ 184.15				\$ 239.02
Total																	
Member Months	930,835											1,860,314					1,858,688
Brand	3,031	156.97	79.29	1,504	186.98	46.89	126.17	1.0272	1.0000	129.61	1.0000	1.0000	129.61	1.1800	1.0718	0.9999	163.91
Generic	6,305	22.87	24.03	1,861	43.93	13.63	37.66	1.0272	1.0000	38.68	1.0000	0.9996	38.67	1.1800	1.0865	0.9996	49.56
Non-Drug*	496	42.98	3.55	1	309.82	0.05	3.60	1.0272	1.0000	3.70	1.0000	0.9995	3.70	1.1800	1.0914	0.9995	4.76
Total	9,831	65.22	106.87	3,366	107.94	60.56	167.43			171.99			171.97				218.22
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 168.37			\$ 172.96			\$ 172.94				\$ 219.45
* Non-Drugs include medical supplies, bulk chemicals, etc																	

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Duals, Waiver Duals and State Only & Judicials																	
August 2005 through January 2006																	
	MCO/Physical Health			BHO/Mental Health			MCO/BHO	Data Adjustment Factors					Capitation Rates				
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Duals																	
Member Months	1,068,966											2,147,321				2,154,223	
Brand	5,751	112.55	107.89	1,510	165.00	41.52	149.40	1.0272	1.0000	153.47	0.6670	1.0000	102.37	1.1800	-	1.0000	-
Generic	9,828	22.75	37.27	2,547	34.32	14.57	51.84	1.0272	1.0000	53.25	0.6670	1.0000	35.52	1.1800	-	1.0000	-
Non-Drug*	446	37.30	2.77	0	276.97	0.02	2.80	1.0272	1.0000	2.87	0.6670	1.0000	1.92	1.1800	-	1.0000	-
Total	16,025	55.39	147.93	4,058	82.97	56.11	204.04			209.59			139.80				-
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 205.18			\$ 210.77			\$ 140.59				\$ -
Waiver Duals																	
Member Months	729											1,456				1,462	
Brand	957	98.77	15.76	150	164.46	4.12	19.88	1.0272	1.0000	20.42	1.0000	1.0000	20.42	1.1800	1.0000	1.0000	24.09
Generic	2,271	20.84	7.89	451	42.15	3.16	11.06	1.0272	1.0000	11.36	1.0000	1.0000	11.36	1.1800	1.0000	1.0000	13.40
Non-Drug*	47	37.83	0.30	-	-	-	0.30	1.0272	1.0000	0.30	1.0000	1.0000	0.30	1.1800	1.0000	1.0000	0.36
Total	3,276	43.86	23.95	601	72.73	7.28	31.23			32.08			32.08				37.85
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 31.40			\$ 32.26			\$ 32.26				\$ 38.07
State Only & Judicials																	
Member Months	29,318											58,637				58,637	
Brand	-	-	-	2,303	176.28	67.67	67.67	1.0272	1.0000	69.51	1.0000	1.0000	69.51	1.1800	1.0000	1.0000	82.02
Generic	-	-	-	2,696	37.43	16.81	16.81	1.0272	1.0000	17.27	1.0000	1.0000	17.27	1.1800	1.0000	1.0000	20.38
Non-Drug*	-	-	-	24	49.54	0.20	0.20	1.0272	1.0000	0.20	1.0000	1.0000	0.20	1.1800	1.0000	1.0000	0.24
Total	-	-	-	5,023	101.15	84.68	84.68			86.99			86.99				102.64
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 85.16			\$ 87.48			\$ 87.48				\$ 103.22

* Non-Drugs include medical supplies, bulk chemicals, etc

Statewide

Disenrolled																	
August 2005 through January 2006																	
	MCO/Physical Health			BHO/Mental Health			Paid Expenditures PMPM	Data Adjustment Factors					Capitation Rates				
	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM		Trend To FY 2006	IBNR Completion	PMPM Before Benefit/Enrollment Impact	Benefit Adjust.	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages Under 21																	
Member Months	5,566											8,308					
Brand	1,025	86.46	14.78	311	142.30	7.38	22.15	1.0272	1.0000	22.76	1.0000	1.0000	22.76	1.1800	1.0000	1.0000	26.85
Generic	1,975	16.20	5.33	218	50.48	1.83	7.16	1.0272	1.0000	7.36	1.0000	1.0000	7.36	1.1800	1.0000	1.0000	8.68
Non-Drug*	60	71.12	0.71	-	-	-	0.71	1.0272	1.0000	0.73	1.0000	1.0000	0.73	1.1800	1.0000	1.0000	0.87
Subtotal	3,060	40.82	20.82	529	104.51	9.21	30.03			30.85			30.85				36.40
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 30.20			\$ 31.02			\$ 31.02				\$ 36.60
Ages Over 21																	
Member Months	314,468											470,723					
Brand	613	140.20	14.33	172	159.31	4.56	18.89	1.0272	1.0000	19.41	1.0000	1.0000	19.41	1.1800	1.1000	1.0000	25.19
Generic	1,110	28.61	5.30	304	38.23	1.94	7.23	1.0272	1.0000	7.43	1.0000	1.0000	7.43	1.1800	1.1000	1.0000	9.64
Non-Drug*	110	45.10	0.83	0	428.14	0.00	0.83	1.0272	1.0000	0.86	1.0000	1.0000	0.86	1.1800	1.1000	1.0000	1.11
Subtotal	1,834	66.92	20.46	476	81.98	6.50	26.96			27.69			27.69				35.94
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 27.11			\$ 27.85			\$ 27.85				\$ 36.15
Total																	
Member Months	320,034											479,031					
Brand	621	138.65	14.34	174	158.78	4.61	18.95	1.0272	1.0000	19.47	1.0000	1.0000	19.47	1.1800	1.0980	1.0000	25.22
Generic	1,125	28.24	5.30	302	38.39	1.93	7.23	1.0272	1.0000	7.43	1.0000	1.0000	7.43	1.1800	1.0983	1.0000	9.63
Non-Drug*	110	45.35	0.83	0	428.14	0.00	0.83	1.0272	1.0000	0.85	1.0000	1.0000	0.85	1.1800	1.0985	1.0000	1.11
Total	1,855	66.18	20.46	477	82.42	6.55	27.01			27.75			27.75				35.95
Admin %							0.56%			0.56%			0.56%				0.56%
Premium Tax							0.00%			0.00%			0.00%				0.00%
Total Premium Rate							\$ 27.16			\$ 27.90			\$ 27.90				\$ 36.15

* Non-Drugs include medical supplies, bulk chemicals, etc

TennCare
FY 2007 Per Capita Cost Development
Development of Per Capita Costs:

Exhibit 9

Statewide

Total Prescription Drug For All Aid Categories							
All Ages							
Service Category	Admin Loads	8/2005 through 1/2006 Incurred		Fiscal Year 2006		Fiscal Year 2007	
		PMPM	Total	PMPM	Total	PMPM	Total
Member Months			7,625,502		15,138,694		14,711,344
Brand		\$ 60.25	\$ 459,448,328	\$ 55.03	\$ 833,069,308	\$ 51.56	\$ 758,551,483
Generic		\$ 20.10	\$ 153,279,723	\$ 18.26	\$ 276,397,929	\$ 16.95	\$ 249,286,060
Non-Drug*		\$ 1.44	\$ 10,977,822	\$ 1.35	\$ 20,402,785	\$ 1.37	\$ 20,217,950
Total		\$ 81.79	\$ 623,705,873	\$ 74.63	\$ 1,129,870,022	\$ 69.88	\$ 1,028,055,493
Admin %	0.56%	\$ 0.46	\$ 3,512,422	\$ 0.42	\$ 6,362,904	\$ 0.39	\$ 5,789,532
Premium Tax	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Premium Rate		\$ 82.25	\$ 627,218,296	\$ 75.05	\$ 1,136,232,926	\$ 70.28	\$ 1,033,845,025

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Exhibit 10

Prescription Drug Experience										
Aid Category	Age Group	August 2005 through January 2006			Fiscal Year 2006			Fiscal Year 2007		
		Members	PMPM	Total	Projected	PMPM	Total	Projected	PMPM	Total
Medicaid (TANF & Related)	Age Under 1	136,951	\$ 38.84	\$ 5,319,224	272,486	\$ 39.90	\$ 10,871,746	272,239	\$ 47.08	\$ 12,817,039
	Age 1 - 13	2,247,654	\$ 23.57	\$ 52,977,369	4,521,712	\$ 24.21	\$ 109,480,497	4,551,992	\$ 28.57	\$ 130,052,120
	Age 14 - 20 Female	416,983	\$ 29.85	\$ 12,445,818	841,183	\$ 30.66	\$ 25,791,032	848,536	\$ 36.18	\$ 30,699,450
	Age 14 - 20 Male	336,300	\$ 24.74	\$ 8,319,929	679,262	\$ 25.41	\$ 17,262,463	686,045	\$ 29.99	\$ 20,573,124
	Age 21 - 44 Female	848,247	\$ 54.66	\$ 46,361,812	1,710,504	\$ 56.14	\$ 96,036,221	1,724,921	\$ 72.88	\$ 125,705,676
	Age 21 - 44 Male	87,733	\$ 65.89	\$ 5,780,455	177,957	\$ 67.68	\$ 12,044,524	180,117	\$ 87.85	\$ 15,823,567
	Age 45 - 64	100,711	\$ 126.25	\$ 12,715,102	203,274	\$ 129.69	\$ 26,363,065	204,657	\$ 168.34	\$ 34,452,093
	Age 65+	13,490	\$ 175.82	\$ 2,371,765	25,986	\$ 180.61	\$ 4,693,411	25,389	\$ 234.43	\$ 5,951,959
	All Ages	4,188,069	\$ 34.93	\$ 146,291,473	8,432,363	\$ 35.88	\$ 302,542,958	8,493,897	\$ 44.28	\$ 376,075,029
Medically Needy	Age Under 1	353	\$ 88.56	\$ 31,231	613	\$ 90.97	\$ 55,749	517	\$ 107.34	\$ 55,479
	Age 1 - 13	165,081	\$ 25.60	\$ 4,225,876	324,552	\$ 26.30	\$ 8,534,475	318,260	\$ 31.03	\$ 9,875,428
	Age 14 - 20 Female	86,374	\$ 33.05	\$ 2,854,651	171,686	\$ 33.95	\$ 5,828,783	170,715	\$ 40.06	\$ 6,839,038
	Age 14 - 20 Male	82,906	\$ 20.96	\$ 1,738,009	165,241	\$ 21.53	\$ 3,558,430	164,608	\$ 25.41	\$ 4,182,882
	Age 21 - 44 Female	173,963	\$ 70.47	\$ 12,259,752	345,060	\$ 72.39	\$ 24,979,990	341,906	\$ 93.97	\$ 32,127,715
	Age 21 - 44 Male	89,525	\$ 68.38	\$ 6,121,998	179,613	\$ 70.25	\$ 12,617,147	180,110	\$ 91.18	\$ 16,422,403
	Age 45 - 64	136,158	\$ 222.33	\$ 30,272,057	271,583	\$ 228.39	\$ 62,025,963	270,524	\$ 296.45	\$ 80,195,617
	Age 65+	165,263	\$ 179.88	\$ 29,727,460	329,535	\$ 184.78	\$ 60,891,530	328,405	\$ 239.85	\$ 78,766,334
	All Ages	899,622	\$ 96.96	\$ 87,231,034	1,787,883	\$ 99.83	\$ 178,492,068	1,775,045	\$ 128.71	\$ 228,464,897
Uninsured/Uninsurable	Age Under 1	54	\$ 3.99	\$ 217	91	\$ 4.10	\$ 373	72	\$ 4.84	\$ 350
	Age 1 - 13	111,862	\$ 32.44	\$ 3,628,291	220,496	\$ 33.32	\$ 7,346,730	218,535	\$ 39.32	\$ 8,592,048
	Age 14 - 20 Female	36,823	\$ 33.20	\$ 1,222,461	73,092	\$ 34.10	\$ 2,492,616	72,917	\$ 40.24	\$ 2,934,264
	Age 14 - 20 Male	39,189	\$ 40.06	\$ 1,569,723	78,010	\$ 41.15	\$ 3,209,854	77,867	\$ 48.55	\$ 3,780,652
	All Ages	187,928	\$ 34.17	\$ 6,420,692	371,689	\$ 35.11	\$ 13,049,573	369,392	\$ 41.44	\$ 15,307,314
	Disabled	Age <21	269,993	\$ 141.72	\$ 38,263,094	540,572	\$ 145.58	\$ 78,696,258	541,030	\$ 171.78
Age 21+	660,842	\$ 179.26	\$ 118,464,428	1,319,742	\$ 184.15	\$ 243,025,713	1,317,658	\$ 239.02	\$ 314,949,257	
All Ages	930,835	\$ 168.37	\$ 156,727,522	1,860,314	\$ 172.94	\$ 321,721,970	1,858,688	\$ 219.45	\$ 407,889,578	
Duals	All Ages	1,068,966	\$ 205.18	\$ 219,334,841	2,147,321	\$ 140.59	\$ 301,883,573	2,154,223	\$ -	\$ -
Waiver Duals	All Ages	729	\$ 31.40	\$ 22,895	1,456	\$ 32.26	\$ 46,983	1,462	\$ 38.07	\$ 55,656
State Only & Judicials	All Ages	29,318	\$ 85.16	\$ 2,496,626	58,637	\$ 87.48	\$ 5,129,281	58,637	\$ 103.22	\$ 6,052,551
Disenrolled	Age <21	5,566	\$ 30.20	\$ 168,076	8,308	\$ 31.02	\$ 257,707	-	\$ 36.60	\$ -
	Age 21+	314,468	\$ 27.11	\$ 8,525,136	470,723	\$ 27.85	\$ 13,108,813	-	\$ 36.15	\$ -
	All Ages	320,034	\$ 27.16	\$ 8,693,212	479,031	\$ 27.90	\$ 13,366,520	-	\$ 36.15	\$ -
All Groups	All Ages	7,625,502	\$ 82.25	\$ 627,218,296	15,138,694	\$ 75.05	\$ 1,136,232,926	14,711,344	\$ 70.28	\$ 1,033,845,025

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Statewide

Exhibit 11

Total Dental Experience							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Age Under 14							
Member Months	5,388,225						
Diagnostic	15,087,343	12,149,165	419,172	934	35.99	28.98	2.25
Preventive	16,028,342	13,839,315	476,488	1,061	33.64	29.04	2.57
Restorative	28,582,758	23,686,316	246,112	548	116.14	96.24	4.40
Endodontics	5,536,642	4,984,372	41,651	93	132.93	119.67	0.93
Oral Surgery	4,659,093	4,012,673	55,662	124	83.70	72.09	0.74
Orthodontics	6,002,932	5,286,340	31,746	71	189.09	166.52	0.98
Other	3,019,550	2,590,732	55,067	123	54.83	47.05	0.48
Subtotal	78,916,659	66,548,914	1,325,898	2,953	59.52	50.19	12.35
Ages 14 - 20 : Female							
Member Months	1,134,501						
Diagnostic	4,305,042	3,458,737	115,349	1,220	37.32	29.98	3.05
Preventive	3,147,982	2,805,514	84,633	895	37.20	33.15	2.47
Restorative	12,690,822	11,100,037	98,987	1,047	128.21	112.14	9.78
Endodontics	3,674,668	3,200,246	7,434	79	494.31	430.49	2.82
Oral Surgery	5,856,922	5,041,857	27,976	296	209.36	180.22	4.44
Orthodontics	5,968,339	5,365,958	40,825	432	146.19	131.44	4.73
Other	2,107,224	1,788,564	17,075	181	123.41	104.75	1.58
Subtotal	37,751,000	32,760,913	392,279	4,149	96.24	83.51	28.88
Ages 14 - 20 : Male							
Member Months	1,042,501						
Diagnostic	3,228,127	2,623,771	86,638	997	37.26	30.28	2.52
Preventive	2,480,939	2,222,661	67,504	777	36.75	32.93	2.13
Restorative	9,811,290	8,637,312	77,226	889	127.05	111.84	8.29
Endodontics	2,630,863	2,288,485	5,410	62	486.30	423.01	2.20
Oral Surgery	3,710,714	3,181,941	18,274	210	203.06	174.12	3.05
Orthodontics	4,095,883	3,709,114	27,649	318	148.14	134.15	3.56
Other	1,338,257	1,139,161	11,020	127	121.44	103.37	1.09
Total	27,296,074	23,802,446	293,721	3,381	92.93	81.04	22.83

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Total Dental Experience							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Ages Over 21							
Member Months	8,485,726						
Diagnostic	570,772	452,900	14,014	20	40.73	32.32	0.05
Preventive	248,727	218,432	6,378	9	39.00	34.25	0.03
Restorative	2,733,298	2,395,138	17,436	25	156.76	137.37	0.28
Endodontics	875,030	762,219	1,767	2	495.21	431.36	0.09
Oral Surgery	2,282,477	1,958,578	13,202	19	172.89	148.35	0.23
Orthodontics	213,511	198,950	1,810	3	117.96	109.92	0.02
Other	836,956	713,186	4,415	6	189.57	161.54	0.08
Subtotal	7,760,770	6,699,403	59,022	83	131.49	113.51	0.79
Total							
Member Months	16,050,953						
Diagnostic	23,191,284	18,684,573	635,173	475	36.51	29.42	1.16
Preventive	21,905,990	19,085,923	635,003	475	34.50	30.06	1.19
Restorative	53,818,168	45,818,804	439,761	329	122.38	104.19	2.85
Endodontics	12,717,203	11,235,322	56,262	42	226.04	199.70	0.70
Oral Surgery	16,509,207	14,195,050	115,114	86	143.42	123.31	0.88
Orthodontics	16,280,666	14,560,362	102,030	76	159.57	142.71	0.91
Other	7,301,987	6,231,643	87,577	65	83.38	71.16	0.39
Total	151,724,505	129,811,677	2,070,920	1,548	73.26	62.68	8.09

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Medicaid (TANF and Related)							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Age Under 14							
Member Months	4,434,052						
Diagnostic	12,070,462	9,823,947	333,786	903	36.16	29.43	2.22
Preventive	12,813,190	11,009,619	378,879	1,025	33.82	29.06	2.48
Restorative	22,825,633	18,942,991	196,096	531	116.40	96.60	4.27
Endodontics	4,438,971	3,997,907	33,914	92	130.89	117.88	0.90
Oral Surgery	3,528,492	3,055,833	42,218	114	83.58	72.38	0.69
Orthodontics	4,137,525	3,667,744	21,846	59	189.40	167.89	0.83
Other	2,349,424	2,030,754	42,749	116	54.96	47.50	0.46
Subtotal	62,163,697	52,528,795	1,049,488	2,840	59.23	50.05	11.85
Ages 14 - 20 : Female							
Member Months	764,637						
Diagnostic	2,942,032	2,386,803	78,591	1,233	37.43	30.37	3.12
Preventive	2,164,847	1,925,874	58,135	912	37.24	33.13	2.52
Restorative	8,424,094	7,385,570	66,937	1,050	125.85	110.34	9.66
Endodontics	2,435,982	2,118,489	4,898	77	497.34	432.52	2.77
Oral Surgery	3,649,853	3,156,361	17,417	273	209.56	181.22	4.13
Orthodontics	4,012,002	3,648,506	27,232	427	147.33	133.98	4.77
Other	1,301,330	1,106,939	10,877	171	119.64	101.77	1.45
Subtotal	24,930,140	21,728,541	264,087	4,145	94.40	82.28	28.42
Ages 14 - 20 : Male							
Member Months	609,277						
Diagnostic	2,043,259	1,686,443	54,631	1,076	37.40	30.87	2.77
Preventive	1,592,473	1,424,766	43,284	852	36.79	32.92	2.34
Restorative	5,944,712	5,247,915	48,446	954	122.71	108.33	8.61
Endodontics	1,516,668	1,312,479	3,073	61	493.55	427.10	2.15
Oral Surgery	2,077,649	1,783,667	9,936	196	209.10	179.52	2.93
Orthodontics	2,555,863	2,341,871	17,037	336	150.02	137.46	3.84
Other	756,811	642,738	6,454	127	117.26	99.59	1.05
Subtotal	16,487,435	14,439,880	182,861	3,602	90.16	78.97	23.70

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Medicaid (TANF & Related)							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Ages Over 21							
Member Months	2,041,116						
Diagnostic	205,230	161,915	4,983	29	41.19	32.49	0.08
Preventive	84,043	73,499	2,138	13	39.31	34.38	0.04
Restorative	948,610	825,386	6,099	36	155.54	135.33	0.40
Endodontics	315,187	274,901	636	4	495.58	432.23	0.13
Oral Surgery	743,498	637,672	3,592	21	206.99	177.53	0.31
Orthodontics	77,338	67,606	626	4	123.54	108.00	0.03
Other	293,104	251,291	1,570	9	186.69	160.06	0.12
Total	2,667,009	2,292,271	19,644	115	135.77	116.69	1.12
Total							
Member Months	7,849,082						
Diagnostic	17,260,983	14,059,108	471,991	722	36.57	29.79	1.79
Preventive	16,654,553	14,433,758	482,436	738	34.52	29.92	1.84
Restorative	38,143,050	32,401,863	317,578	486	120.11	102.03	4.13
Endodontics	8,706,807	7,703,776	42,521	65	204.76	181.18	0.98
Oral Surgery	9,999,491	8,633,532	73,163	112	136.67	118.00	1.10
Orthodontics	10,782,728	9,725,728	66,741	102	161.56	145.72	1.24
Other	4,700,669	4,031,723	61,650	94	76.25	65.40	0.51
Total	106,248,281	90,989,487	1,516,080	2,318	70.08	60.02	11.59

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Medically Needy							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Age Under 14							
Member Months	409,886						
Diagnostic	1,325,874	1,109,471	36,399	1,066	36.43	30.48	2.71
Preventive	1,348,955	1,194,585	40,672	1,191	33.17	29.37	2.91
Restorative	2,912,533	2,405,773	24,748	725	117.69	97.21	5.87
Endodontics	594,197	536,854	4,442	130	133.77	120.86	1.31
Oral Surgery	503,560	429,264	6,054	177	83.18	70.91	1.05
Orthodontics	721,266	651,869	3,786	111	190.51	172.18	1.59
Other	321,195	280,552	6,150	180	52.23	45.62	0.68
Subtotal	7,727,581	6,608,369	122,251	3,579	63.21	54.06	16.12
Ages 14 - 20 : Female							
Member Months	179,667						
Diagnostic	706,970	583,477	18,522	1,237	38.17	31.50	3.25
Preventive	448,024	402,625	12,021	803	37.27	33.49	2.24
Restorative	2,487,447	2,179,355	18,116	1,210	137.31	120.30	12.13
Endodontics	746,080	653,550	1,539	103	484.78	424.66	3.64
Oral Surgery	1,259,863	1,077,494	6,125	409	205.69	175.92	6.00
Orthodontics	804,935	734,884	5,300	354	151.87	138.66	4.09
Other	449,305	382,341	3,389	226	132.58	112.82	2.13
Subtotal	6,902,623	6,013,724	65,012	4,342	106.17	92.50	33.47
Ages 14 - 20 : Male							
Member Months	169,119						
Diagnostic	483,603	401,026	12,649	898	38.23	31.70	2.37
Preventive	315,868	286,171	8,647	614	36.53	33.09	1.69
Restorative	1,785,969	1,568,864	12,539	890	142.43	125.12	9.28
Endodontics	570,417	497,544	1,204	85	473.77	413.24	2.94
Oral Surgery	783,238	672,576	4,060	288	192.92	165.66	3.98
Orthodontics	548,350	500,572	3,411	242	160.76	146.75	2.96
Other	265,107	229,146	2,093	149	126.66	109.48	1.35
Subtotal	4,752,552	4,155,899	44,603	3,165	106.55	93.18	24.57

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Medically Needy							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Ages Over 21							
Member Months	1,184,850						
Diagnostic	229,742	185,062	5,786	59	39.71	31.98	0.16
Preventive	107,601	94,312	2,745	28	39.20	34.36	0.08
Restorative	1,271,979	1,114,186	7,941	80	160.18	140.31	0.94
Endodontics	419,633	364,194	844	9	497.20	431.51	0.31
Oral Surgery	702,236	611,194	3,788	38	185.38	161.35	0.52
Orthodontics	74,549	71,908	626	6	119.09	114.87	0.06
Other	277,633	242,029	1,593	16	174.28	151.93	0.20
Total	3,083,373	2,682,886	23,323	236	132.20	115.03	2.26
Total							
Member Months	1,943,522						
Diagnostic	2,746,189	2,279,036	73,356	453	37.44	31.07	1.17
Preventive	2,220,448	1,977,694	64,085	396	34.65	30.86	1.02
Restorative	8,457,928	7,268,178	63,344	391	133.52	114.74	3.74
Endodontics	2,330,327	2,052,141	8,029	50	290.24	255.59	1.06
Oral Surgery	3,248,897	2,790,527	20,027	124	162.23	139.34	1.44
Orthodontics	2,149,100	1,959,233	13,123	81	163.77	149.30	1.01
Other	1,313,240	1,134,068	13,225	82	99.30	85.75	0.58
Total	22,466,129	19,460,878	255,189	1,576	88.04	76.26	10.01

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Uninsured/Uninsurable							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Age Under 14							
Member Months	258,055						
Diagnostic	926,185	603,566	27,871	1,296	33.23	21.66	2.34
Preventive	1,072,653	952,425	33,226	1,545	32.28	28.67	3.69
Restorative	1,537,898	1,232,206	14,019	652	109.70	87.90	4.77
Endodontics	252,994	223,575	1,670	78	151.49	133.88	0.87
Oral Surgery	330,165	275,876	3,927	183	84.08	70.25	1.07
Orthodontics	774,049	655,190	4,429	206	174.77	147.93	2.54
Other	204,561	156,274	3,755	175	54.48	41.62	0.61
Subtotal	5,098,507	4,099,112	88,897	4,134	57.35	46.11	15.88
Ages 14 - 20 : Female							
Member Months	81,794						
Diagnostic	309,038	212,073	8,752	1,284	35.31	24.23	2.59
Preventive	275,413	246,282	7,532	1,105	36.57	32.70	3.01
Restorative	806,780	690,588	6,433	944	125.41	107.35	8.44
Endodontics	208,751	180,905	423	62	493.50	427.67	2.21
Oral Surgery	481,735	411,703	2,117	311	227.56	194.47	5.03
Orthodontics	733,517	614,183	5,489	805	133.63	111.89	7.51
Other	166,229	134,721	1,347	198	123.41	100.02	1.65
Subtotal	2,981,464	2,490,455	32,093	4,708	92.90	77.60	30.45
Ages 14 - 20 : Male							
Member Months	85,370						
Diagnostic	252,561	172,719	7,250	1,019	34.84	23.82	2.02
Preventive	235,038	210,545	6,464	909	36.36	32.57	2.47
Restorative	722,277	612,251	5,908	830	122.25	103.63	7.17
Endodontics	151,765	132,720	320	45	474.27	414.75	1.55
Oral Surgery	298,364	256,471	1,427	201	209.08	179.73	3.00
Orthodontics	554,093	471,535	4,362	613	127.03	108.10	5.52
Other	101,577	82,624	908	128	111.87	91.00	0.97
Subtotal	2,315,675	1,938,864	26,639	3,745	86.93	72.78	22.71

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Uninsured/Uninsurable							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Ages Over 21							
Member Months	-						
Diagnostic	-	-	-	-	-	-	-
Preventive	-	-	-	-	-	-	-
Restorative	-	-	-	-	-	-	-
Endodontics	-	-	-	-	-	-	-
Oral Surgery	-	-	-	-	-	-	-
Orthodontics	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Total							
Member Months	425,219						
Diagnostic	1,487,784	988,358	43,873	1,238	33.91	22.53	2.32
Preventive	1,583,105	1,409,252	47,222	1,333	33.52	29.84	3.31
Restorative	3,066,956	2,535,044	26,360	744	116.35	96.17	5.96
Endodontics	613,510	537,200	2,413	68	254.25	222.63	1.26
Oral Surgery	1,110,264	944,050	7,471	211	148.61	126.36	2.22
Orthodontics	2,061,659	1,740,908	14,280	403	144.37	121.91	4.09
Other	472,367	373,620	6,010	170	78.60	62.17	0.88
Total	10,395,646	8,528,432	147,629	4,166	70.42	57.77	20.06

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Disabled							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Age Under 14							
Member Months	285,774						
Diagnostic	763,707	611,342	21,088	886	36.22	28.99	2.14
Preventive	792,476	681,766	23,679	994	33.47	28.79	2.39
Restorative	1,305,921	1,104,776	11,241	472	116.17	98.28	3.87
Endodontics	250,480	226,036	1,625	68	154.14	139.10	0.79
Oral Surgery	296,876	251,702	3,463	145	85.73	72.68	0.88
Orthodontics	368,442	309,887	1,680	71	219.31	184.46	1.08
Other	142,270	121,831	2,409	101	59.06	50.57	0.43
Subtotal	3,920,171	3,307,339	65,185	2,737	60.14	50.74	11.57
Ages 14 - 20 : Female							
Member Months	86,418						
Diagnostic	268,020	215,368	7,250	1,007	36.97	29.71	2.49
Preventive	205,006	181,605	5,482	761	37.40	33.13	2.10
Restorative	732,668	636,403	5,740	797	127.64	110.87	7.36
Endodontics	206,581	179,443	421	58	490.69	426.23	2.08
Oral Surgery	294,357	250,726	1,568	218	187.73	159.90	2.90
Orthodontics	346,683	306,113	2,317	322	149.63	132.12	3.54
Other	122,502	107,006	1,000	139	122.50	107.01	1.24
Subtotal	2,175,817	1,876,665	23,778	3,302	91.51	78.92	21.72
Ages 14 - 20 : Male							
Member Months	155,220						
Diagnostic	393,366	319,946	10,592	819	37.14	30.21	2.06
Preventive	299,740	267,091	8,098	626	37.01	32.98	1.72
Restorative	1,173,571	1,042,334	9,051	700	129.66	115.16	6.72
Endodontics	333,424	291,997	680	53	490.33	429.41	1.88
Oral Surgery	437,428	373,916	2,326	180	188.06	160.75	2.41
Orthodontics	401,843	363,361	2,599	201	154.61	139.81	2.34
Other	177,226	152,528	1,277	99	138.78	119.44	0.98
Subtotal	3,216,598	2,811,173	34,623	2,677	92.90	81.19	18.11

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Disabled							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Ages Over 21							
Member Months	1,309,742						
Diagnostic	54,358	43,574	1,370	13	39.68	31.81	0.03
Preventive	24,369	21,690	641	6	38.02	33.84	0.02
Restorative	218,122	192,131	1,513	14	144.17	126.99	0.15
Endodontics	63,056	53,745	126	1	500.44	426.55	0.04
Oral Surgery	283,598	237,382	2,048	19	138.48	115.91	0.18
Orthodontics	23,270	22,685	191	2	121.83	118.77	0.02
Other	82,751	70,279	422	4	196.09	166.54	0.05
Total	749,523	641,486	6,311	58	118.76	101.65	0.49
Total							
Member Months	1,837,154						
Diagnostic	1,479,451	1,190,230	40,300	263	36.71	29.53	0.65
Preventive	1,321,590	1,152,152	37,900	248	34.87	30.40	0.63
Restorative	3,430,282	2,975,644	27,545	180	124.53	108.03	1.62
Endodontics	853,541	751,220	2,852	19	299.28	263.40	0.41
Oral Surgery	1,312,259	1,113,726	9,405	61	139.53	118.42	0.61
Orthodontics	1,140,238	1,002,046	6,787	44	168.00	147.64	0.55
Other	524,748	451,644	5,108	33	102.73	88.42	0.25
Total	10,062,109	8,636,663	129,897	848	77.46	66.49	4.70

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Duals							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Age Under 14							
Member Months	455						
Diagnostic	1,115	840	28	738	39.82	30.00	1.85
Preventive	1,067	920	32	844	33.34	28.75	2.02
Restorative	772	569	8	211	96.50	71.13	1.25
Endodontics	-	-	-	-	-	-	-
Oral Surgery	-	-	-	-	-	-	-
Orthodontics	1,650	1,650	5	132	330.00	330.00	3.63
Other	2,100	1,320	4	105	525.00	330.00	2.90
Subtotal	6,704	5,299	77	2,031	87.06	68.82	11.65
Ages 14 - 20 : Female							
Member Months	851						
Diagnostic	2,868	2,243	72	1,015	39.83	31.15	2.64
Preventive	1,948	1,821	56	790	34.79	32.52	2.14
Restorative	9,834	8,792	39	550	252.15	225.44	10.33
Endodontics	2,759	2,501	5	71	551.80	500.20	2.94
Oral Surgery	4,242	3,432	26	367	163.15	132.00	4.03
Orthodontics	4,440	4,200	31	437	143.23	135.48	4.94
Other	1,439	1,189	14	197	102.79	84.93	1.40
Subtotal	27,530	24,178	243	3,427	113.29	99.50	28.42
Ages 14 - 20 : Male							
Member Months	1,231						
Diagnostic	3,848	3,220	102	994	37.73	31.57	2.62
Preventive	2,336	2,148	64	624	36.50	33.56	1.75
Restorative	11,642	11,174	92	897	126.54	121.46	9.08
Endodontics	3,851	4,015	9	88	427.89	446.11	3.26
Oral Surgery	5,946	4,998	30	292	198.20	166.60	4.06
Orthodontics	7,500	6,300	39	380	192.31	161.54	5.12
Other	4,128	3,625	23	224	179.48	157.61	2.95
Subtotal	39,251	35,480	359	3,500	109.33	98.83	28.83

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 11

Statewide

Duals							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Ages Over 21							
Member Months	2,054,576						
Diagnostic	16,991	12,897	348	2	48.83	37.06	0.01
Preventive	3,821	3,603	105	1	36.39	34.31	0.00
Restorative	39,322	34,961	233	1	168.76	150.05	0.02
Endodontics	7,916	7,230	18	0	439.78	401.67	0.00
Oral Surgery	201,996	171,598	1,755	10	115.10	97.78	0.08
Orthodontics	3,100	3,237	34	0	91.18	95.20	0.00
Other	62,665	49,056	217	1	288.78	226.06	0.02
Total	335,812	282,582	2,710	16	123.92	104.27	0.14
Total							
Member Months	2,057,113						
Diagnostic	24,822	19,200	550	3	45.13	34.91	0.01
Preventive	9,173	8,492	257	1	35.69	33.04	0.00
Restorative	61,570	55,496	372	2	165.51	149.18	0.03
Endodontics	14,526	13,746	32	0	453.94	429.56	0.01
Oral Surgery	212,184	180,028	1,811	11	117.16	99.41	0.09
Orthodontics	16,690	15,387	109	1	153.12	141.16	0.01
Other	70,332	55,190	258	2	272.60	213.91	0.03
Total	409,297	347,539	3,389	20	120.77	102.55	0.17

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Statewide

Exhibit 11

Waiver Duals							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Age Under 14							
Member Months	0						
Diagnostic	-	-	-	-	-	-	-
Preventive	-	-	-	-	-	-	-
Restorative	-	-	-	-	-	-	-
Endodontics	-	-	-	-	-	-	-
Oral Surgery	-	-	-	-	-	-	-
Orthodontics	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Ages 14 - 20 : Female							
Member Months	2						
Diagnostic	-	-	-	-	-	-	-
Preventive	-	-	-	-	-	-	-
Restorative	-	-	-	-	-	-	-
Endodontics	-	-	-	-	-	-	-
Oral Surgery	-	-	-	-	-	-	-
Orthodontics	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Ages 14 - 20 : Male							
Member Months	4						
Diagnostic	-	-	-	-	-	-	-
Preventive	-	-	-	-	-	-	-
Restorative	-	-	-	-	-	-	-
Endodontics	-	-	-	-	-	-	-
Oral Surgery	-	-	-	-	-	-	-
Orthodontics	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Statewide

Exhibit 11

Waiver Duals							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Ages Over 21							
Member Months	35,124						
Diagnostic	63	63	2	1	31.50	31.50	0.00
Preventive	-	-	-	-	-	-	-
Restorative	499	499	2	1	249.50	249.50	0.01
Endodontics	-	-	-	-	-	-	-
Oral Surgery	-	-	-	-	-	-	-
Orthodontics	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	562	562	4	1	140.50	140.50	0.02
Total							
Member Months	35,130						
Diagnostic	63	63	2	1	31.50	31.50	0.00
Preventive	-	-	-	-	-	-	-
Restorative	499	499	2	1	249.50	249.50	0.01
Endodontics	-	-	-	-	-	-	-
Oral Surgery	-	-	-	-	-	-	-
Orthodontics	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	562	562	4	1	140.50	140.50	0.02

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Exhibit 11

Statewide

Disenrolled							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Age Under 14							
Member Months	3						
Diagnostic	-	-	-	-	-	-	-
Preventive	-	-	-	-	-	-	-
Restorative	-	-	-	-	-	-	-
Endodontics	-	-	-	-	-	-	-
Oral Surgery	-	-	-	-	-	-	-
Orthodontics	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Ages 14 - 20 : Female							
Member Months	21,131						
Diagnostic	76,114	58,773	2,162	1,228	35.21	27.18	2.78
Preventive	52,744	47,307	1,407	799	37.49	33.62	2.24
Restorative	229,999	199,330	1,722	978	133.57	115.76	9.43
Endodontics	74,515	65,359	148	84	503.48	441.61	3.09
Oral Surgery	166,873	142,142	723	411	230.81	196.60	6.73
Orthodontics	66,761	58,072	456	259	146.41	127.35	2.75
Other	66,420	56,368	448	254	148.26	125.82	2.67
Subtotal	733,427	627,350	7,066	4,013	103.80	88.78	29.69
Ages 14 - 20 : Male							
Member Months	22,281						
Diagnostic	51,490	40,418	1,414	762	36.41	28.58	1.81
Preventive	35,483	31,939	947	510	37.47	33.73	1.43
Restorative	173,119	154,775	1,190	641	145.48	130.06	6.95
Endodontics	54,738	49,731	124	67	441.44	401.06	2.23
Oral Surgery	108,090	90,313	495	267	218.36	182.45	4.05
Orthodontics	28,235	25,475	201	108	140.47	126.74	1.14
Other	33,408	28,500	265	143	126.07	107.55	1.28
Subtotal	484,563	421,150	4,636	2,497	104.52	90.84	18.90

TennCare
 FY 2007 Per Capita Cost Development
 Historical Encounter Data

Statewide

Exhibit 11

Disenrolled							
October 2004 through September 2005 Incurred							
	Billed Charges	Paid Expenditures	Units	Units / 1000	Billed Charges / Unit	Paid Expenditures / Unit	Paid Expenditures PMPM
Ages Over 21							
Member Months	1,860,318						
Diagnostic	64,387	49,389	1,525	10	42.22	32.39	0.03
Preventive	28,893	25,328	749	5	38.58	33.82	0.01
Restorative	254,765	227,974	1,648	11	154.59	138.33	0.12
Endodontics	69,238	62,149	143	1	484.18	434.61	0.03
Oral Surgery	351,149	300,732	2,019	13	173.92	148.95	0.16
Orthodontics	35,255	33,513	333	2	105.87	100.64	0.02
Other	120,803	100,531	613	4	197.07	164.00	0.05
Total	924,491	799,616	7,030	45	131.51	113.74	0.43
Total							
Member Months	1,903,733						
Diagnostic	191,992	148,580	5,101	32	37.64	29.13	0.08
Preventive	117,121	104,574	3,103	20	37.74	33.70	0.05
Restorative	657,884	582,079	4,560	29	144.27	127.65	0.31
Endodontics	198,491	177,239	415	3	478.29	427.08	0.09
Oral Surgery	626,112	533,187	3,237	20	193.42	164.72	0.28
Orthodontics	130,251	117,060	990	6	131.57	118.24	0.06
Other	220,631	185,398	1,326	8	166.39	139.82	0.10
Total	2,142,481	1,848,116	18,732	118	114.38	98.66	0.97

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Total Dental Experience													
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Data Adjustment Factors					Capitation Rates				
				Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Age Under 14													
Member Months	5,388,225								5,631,373				5,653,081
Diagnostic	934	28.98	2.25	1.0150	1.0000	1.0000	2.29	0.9956	2.28	1.0400	1.0000	0.9997	2.37
Preventive	1,061	29.04	2.57	1.0150	1.0000	1.0000	2.61	0.9929	2.59	1.0400	1.0000	0.9995	2.69
Restorative	548	96.24	4.40	1.0150	1.0000	1.0000	4.46	0.9925	4.43	1.0400	1.0000	0.9995	4.60
Endodontics	93	119.67	0.93	1.0150	1.0000	1.0000	0.94	0.9924	0.93	1.0400	1.0000	0.9994	0.97
Oral Surgery	124	72.09	0.74	1.0150	1.0000	1.0000	0.76	0.9864	0.75	1.0400	1.0000	0.9990	0.77
Orthodontics	71	166.52	0.98	1.0150	1.0000	1.0000	1.00	0.9701	0.97	1.0400	1.0000	0.9980	1.00
Other	123	47.05	0.48	1.0150	1.0000	1.0000	0.49	0.9887	0.48	1.0400	1.0000	0.9992	0.50
Subtotal	2,953	50.19	12.35				12.54		12.42				12.91
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 12.87				\$ 13.06		\$ 12.94				\$ 13.34
Ages 14 - 20 : Female													
Member Months	1,134,501								1,179,826				1,182,017
Diagnostic	1,220	29.98	3.05	1.0150	1.0000	1.0000	3.09	1.0031	3.10	1.0400	1.0000	1.0004	3.23
Preventive	895	33.15	2.47	1.0150	1.0000	1.0000	2.51	1.0013	2.51	1.0400	1.0000	1.0005	2.61
Restorative	1,047	112.14	9.78	1.0150	1.0000	1.0000	9.93	0.9986	9.92	1.0400	1.0000	0.9998	10.31
Endodontics	79	430.49	2.82	1.0150	1.0000	1.0000	2.86	0.9966	2.85	1.0400	1.0000	0.9993	2.97
Oral Surgery	296	180.22	4.44	1.0150	1.0000	1.0000	4.51	0.9840	4.44	1.0400	1.0000	0.9974	4.60
Orthodontics	432	131.44	4.73	1.0150	1.0000	1.0000	4.80	1.0027	4.81	1.0400	1.0000	1.0015	5.01
Other	181	104.75	1.58	1.0150	1.0000	1.0000	1.60	0.9816	1.57	1.0400	1.0000	0.9967	1.63
Subtotal	4,149	83.51	28.88				29.31		29.21				30.37
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 30.08				\$ 30.53		\$ 30.43				\$ 31.39
Ages 14 - 20 : Male													
Member Months	1,042,501								1,088,787				1,091,008
Diagnostic	997	30.28	2.52	1.0150	1.0000	1.0000	2.55	1.0117	2.58	1.0400	1.0000	1.0016	2.69
Preventive	777	32.93	2.13	1.0150	1.0000	1.0000	2.16	1.0103	2.19	1.0400	1.0000	1.0018	2.28
Restorative	889	111.84	8.29	1.0150	1.0000	1.0000	8.41	1.0048	8.45	1.0400	1.0000	1.0007	8.79
Endodontics	62	423.01	2.20	1.0150	1.0000	1.0000	2.23	0.9986	2.22	1.0400	1.0000	0.9997	2.31
Oral Surgery	210	174.12	3.05	1.0150	1.0000	1.0000	3.10	0.9899	3.07	1.0400	1.0000	0.9983	3.18
Orthodontics	318	134.15	3.56	1.0150	1.0000	1.0000	3.61	1.0117	3.65	1.0400	1.0000	1.0030	3.81
Other	127	103.37	1.09	1.0150	1.0000	1.0000	1.11	0.9946	1.10	1.0400	1.0000	0.9991	1.15
Subtotal	3,381	81.04	22.83				23.17		23.27				24.22
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 23.78				\$ 24.14		\$ 24.24				\$ 25.03

Total Dental Experience													
				Data Adjustment Factors					Capitation Rates				
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages Over 21													
Member Months	8,485,726								7,180,071				6,726,602
Diagnostic	20	32.32	0.05	1.0150	1.0000	0.1659	0.01	1.0795	0.01	1.0400	-	1.0000	-
Preventive	9	34.25	0.03	1.0150	1.0000	0.1659	0.00	1.0707	0.00	1.0400	-	1.0000	-
Restorative	25	137.37	0.28	1.0150	1.0000	0.1659	0.05	1.0869	0.05	1.0400	-	1.0000	-
Endodontics	2	431.36	0.09	1.0150	1.0000	0.1659	0.02	1.0988	0.02	1.0400	-	1.0000	-
Oral Surgery	19	148.35	0.23	1.0150	1.0000	0.1659	0.04	1.0480	0.04	1.0400	-	1.0000	-
Orthodontics	3	109.92	0.02	1.0150	1.0000	0.1659	0.00	1.0288	0.00	1.0400	-	1.0000	-
Other	6	161.54	0.08	1.0150	1.0000	0.1659	0.01	1.0575	0.01	1.0400	-	1.0000	-
Subtotal	83	113.51	0.79				0.13		0.14				-
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 0.82				\$ 0.14		\$ 0.15				\$ -
Total													
Member Months	16,050,953								15,080,058				14,652,707
Diagnostic	475	29.42	1.16	1.0150	1.0000	0.9798	1.16	1.1099	1.28	1.0400	0.9964	1.0326	1.37
Preventive	475	30.06	1.19	1.0150	1.0000	0.9905	1.20	1.1070	1.32	1.0400	0.9983	1.0326	1.42
Restorative	329	104.19	2.85	1.0150	1.0000	0.9564	2.77	1.1058	3.06	1.0400	0.9920	1.0320	3.26
Endodontics	42	199.70	0.70	1.0150	1.0000	0.9434	0.67	1.1037	0.74	1.0400	0.9893	1.0315	0.79
Oral Surgery	86	123.31	0.88	1.0150	1.0000	0.8849	0.79	1.0908	0.87	1.0400	0.9776	1.0299	0.91
Orthodontics	76	142.71	0.91	1.0150	1.0000	0.9886	0.91	1.1020	1.00	1.0400	0.9981	1.0325	1.07
Other	65	71.16	0.39	1.0150	1.0000	0.9045	0.36	1.0937	0.39	1.0400	0.9817	1.0304	0.41
Total	1,548	62.68	8.09				7.86		8.67				9.23
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 8.42				\$ 8.18		\$ 9.03				\$ 9.54

Medicaid (TANF and Related)													
				Data Adjustment Factors					Capitation Rates				
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Age Under 14													
Member Months	4,434,052								4,794,198				4,824,232
Diagnostic	903	29.43	2.22	1.0150	1.0000	1.0000	2.25	1.0000	2.25	1.0400	1.0000	1.0000	2.34
Preventive	1,025	29.06	2.48	1.0150	1.0000	1.0000	2.52	1.0000	2.52	1.0400	1.0000	1.0000	2.62
Restorative	531	96.60	4.27	1.0150	1.0000	1.0000	4.34	1.0000	4.34	1.0400	1.0000	1.0000	4.51
Endodontics	92	117.88	0.90	1.0150	1.0000	1.0000	0.92	1.0000	0.92	1.0400	1.0000	1.0000	0.95
Oral Surgery	114	72.38	0.69	1.0150	1.0000	1.0000	0.70	1.0000	0.70	1.0400	1.0000	1.0000	0.73
Orthodontics	59	167.89	0.83	1.0150	1.0000	1.0000	0.84	1.0000	0.84	1.0400	1.0000	1.0000	0.87
Other	116	47.50	0.46	1.0150	1.0000	1.0000	0.46	1.0000	0.46	1.0400	1.0000	1.0000	0.48
Subtotal	2,840	50.05	11.85				12.02		12.02				12.50
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 12.34				\$ 12.52		\$ 12.52				\$ 12.92
Ages 14 - 20 : Female													
Member Months	764,637								841,183				848,536
Diagnostic	1,233	30.37	3.12	1.0150	1.0000	1.0000	3.17	1.0000	3.17	1.0400	1.0000	1.0000	3.29
Preventive	912	33.13	2.52	1.0150	1.0000	1.0000	2.56	1.0000	2.56	1.0400	1.0000	1.0000	2.66
Restorative	1,050	110.34	9.66	1.0150	1.0000	1.0000	9.80	1.0000	9.80	1.0400	1.0000	1.0000	10.20
Endodontics	77	432.52	2.77	1.0150	1.0000	1.0000	2.81	1.0000	2.81	1.0400	1.0000	1.0000	2.92
Oral Surgery	273	181.22	4.13	1.0150	1.0000	1.0000	4.19	1.0000	4.19	1.0400	1.0000	1.0000	4.36
Orthodontics	427	133.98	4.77	1.0150	1.0000	1.0000	4.84	1.0000	4.84	1.0400	1.0000	1.0000	5.04
Other	171	101.77	1.45	1.0150	1.0000	1.0000	1.47	1.0000	1.47	1.0400	1.0000	1.0000	1.53
Subtotal	4,145	82.28	28.42				28.84		28.84				30.00
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 29.60				\$ 30.04		\$ 30.04				\$ 31.00
Ages 14 - 20 : Male													
Member Months	609,277								679,262				686,045
Diagnostic	1,076	30.87	2.77	1.0150	1.0000	1.0000	2.81	1.0000	2.81	1.0400	1.0000	1.0000	2.92
Preventive	852	32.92	2.34	1.0150	1.0000	1.0000	2.37	1.0000	2.37	1.0400	1.0000	1.0000	2.47
Restorative	954	108.33	8.61	1.0150	1.0000	1.0000	8.74	1.0000	8.74	1.0400	1.0000	1.0000	9.09
Endodontics	61	427.10	2.15	1.0150	1.0000	1.0000	2.19	1.0000	2.19	1.0400	1.0000	1.0000	2.27
Oral Surgery	196	179.52	2.93	1.0150	1.0000	1.0000	2.97	1.0000	2.97	1.0400	1.0000	1.0000	3.09
Orthodontics	336	137.46	3.84	1.0150	1.0000	1.0000	3.90	1.0000	3.90	1.0400	1.0000	1.0000	4.06
Other	127	99.59	1.05	1.0150	1.0000	1.0000	1.07	1.0000	1.07	1.0400	1.0000	1.0000	1.11
Subtotal	3,602	78.97	23.70				24.05		24.05				25.02
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 24.69				\$ 25.06		\$ 25.06				\$ 25.86

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Exhibit 12

Medicaid (TANF & Related)													
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Data Adjustment Factors					Capitation Rates				
				Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages Over 21													
Member Months	2,041,116								2,117,721				2,135,084
Diagnostic	29	32.49	0.08	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Preventive	13	34.38	0.04	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Restorative	36	135.33	0.40	1.0150	1.0000	0.1659	0.07	1.0000	0.07	1.0400	-	1.0000	-
Endodontics	4	432.23	0.13	1.0150	1.0000	0.1659	0.02	1.0000	0.02	1.0400	-	1.0000	-
Oral Surgery	21	177.53	0.31	1.0150	1.0000	0.1659	0.05	1.0000	0.05	1.0400	-	1.0000	-
Orthodontics	4	108.00	0.03	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Other	9	160.06	0.12	1.0150	1.0000	0.1659	0.02	1.0000	0.02	1.0400	-	1.0000	-
Total	115	116.69	1.12				0.19		0.19				-
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 1.17				\$ 0.20		\$ 0.20				\$ -
Total													
Member Months	7,849,082								8,432,363				8,493,897
Diagnostic	722	29.79	1.79	1.0150	1.0000	0.9904	1.80	1.0132	1.82	1.0400	0.9982	0.9999	1.89
Preventive	738	29.92	1.84	1.0150	1.0000	0.9958	1.86	1.0119	1.88	1.0400	0.9992	0.9997	1.95
Restorative	486	102.03	4.13	1.0150	1.0000	0.9788	4.10	1.0155	4.16	1.0400	0.9959	1.0002	4.31
Endodontics	65	181.18	0.98	1.0150	1.0000	0.9702	0.97	1.0167	0.98	1.0400	0.9942	1.0003	1.02
Oral Surgery	112	118.00	1.10	1.0150	1.0000	0.9384	1.05	1.0196	1.07	1.0400	0.9876	1.0008	1.10
Orthodontics	102	145.72	1.24	1.0150	1.0000	0.9942	1.25	1.0206	1.28	1.0400	0.9989	1.0008	1.33
Other	94	65.40	0.51	1.0150	1.0000	0.9480	0.49	1.0163	0.50	1.0400	0.9896	1.0003	0.52
Total	2,318	60.02	11.59				11.52		11.70				12.12
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 12.08				\$ 12.00		\$ 12.19				\$ 12.53

Medically Needy													
				Data Adjustment Factors					Capitation Rates				
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Age Under 14													
Member Months	409,886								325,165				318,777
Diagnostic	1,066	30.48	2.71	1.0150	1.0000	1.0000	2.75	1.0000	2.75	1.0400	1.0000	1.0000	2.86
Preventive	1,191	29.37	2.91	1.0150	1.0000	1.0000	2.96	1.0000	2.96	1.0400	1.0000	1.0000	3.08
Restorative	725	97.21	5.87	1.0150	1.0000	1.0000	5.96	1.0000	5.96	1.0400	1.0000	1.0000	6.20
Endodontics	130	120.86	1.31	1.0150	1.0000	1.0000	1.33	1.0000	1.33	1.0400	1.0000	1.0000	1.38
Oral Surgery	177	70.91	1.05	1.0150	1.0000	1.0000	1.06	1.0000	1.06	1.0400	1.0000	1.0000	1.11
Orthodontics	111	172.18	1.59	1.0150	1.0000	1.0000	1.61	1.0000	1.61	1.0400	1.0000	1.0000	1.68
Other	180	45.62	0.68	1.0150	1.0000	1.0000	0.69	1.0000	0.69	1.0400	1.0000	1.0000	0.72
Subtotal	3,579	54.06	16.12				16.36		16.36				17.02
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 16.79				\$ 17.05		\$ 17.05				\$ 17.59
Ages 14 - 20 : Female													
Member Months	179,667								171,686				170,715
Diagnostic	1,237	31.50	3.25	1.0150	1.0000	1.0000	3.30	1.0000	3.30	1.0400	1.0000	1.0000	3.43
Preventive	803	33.49	2.24	1.0150	1.0000	1.0000	2.27	1.0000	2.27	1.0400	1.0000	1.0000	2.37
Restorative	1,210	120.30	12.13	1.0150	1.0000	1.0000	12.31	1.0000	12.31	1.0400	1.0000	1.0000	12.80
Endodontics	103	424.66	3.64	1.0150	1.0000	1.0000	3.69	1.0000	3.69	1.0400	1.0000	1.0000	3.84
Oral Surgery	409	175.92	6.00	1.0150	1.0000	1.0000	6.09	1.0000	6.09	1.0400	1.0000	1.0000	6.33
Orthodontics	354	138.66	4.09	1.0150	1.0000	1.0000	4.15	1.0000	4.15	1.0400	1.0000	1.0000	4.32
Other	226	112.82	2.13	1.0150	1.0000	1.0000	2.16	1.0000	2.16	1.0400	1.0000	1.0000	2.25
Subtotal	4,342	92.50	33.47				33.97		33.97				35.33
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 34.87				\$ 35.39		\$ 35.39				\$ 36.52
Ages 14 - 20 : Male													
Member Months	169,119								165,241				164,608
Diagnostic	898	31.70	2.37	1.0150	1.0000	1.0000	2.41	1.0000	2.41	1.0400	1.0000	1.0000	2.50
Preventive	614	33.09	1.69	1.0150	1.0000	1.0000	1.72	1.0000	1.72	1.0400	1.0000	1.0000	1.79
Restorative	890	125.12	9.28	1.0150	1.0000	1.0000	9.42	1.0000	9.42	1.0400	1.0000	1.0000	9.79
Endodontics	85	413.24	2.94	1.0150	1.0000	1.0000	2.99	1.0000	2.99	1.0400	1.0000	1.0000	3.11
Oral Surgery	288	165.66	3.98	1.0150	1.0000	1.0000	4.04	1.0000	4.04	1.0400	1.0000	1.0000	4.20
Orthodontics	242	146.75	2.96	1.0150	1.0000	1.0000	3.00	1.0000	3.00	1.0400	1.0000	1.0000	3.12
Other	149	109.48	1.35	1.0150	1.0000	1.0000	1.38	1.0000	1.38	1.0400	1.0000	1.0000	1.43
Subtotal	3,165	93.18	24.57				24.94		24.94				25.94
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 25.60				\$ 25.98		\$ 25.98				\$ 26.81

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Exhibit 12

Medically Needy													
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Data Adjustment Factors					Capitation Rates				
				Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages Over 21													
Member Months	1,184,850								1,125,790				1,120,946
Diagnostic	59	31.98	0.16	1.0150	1.0000	0.1659	0.03	1.0000	0.03	1.0400	-	1.0000	-
Preventive	28	34.36	0.08	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Restorative	80	140.31	0.94	1.0150	1.0000	0.1659	0.16	1.0000	0.16	1.0400	-	1.0000	-
Endodontics	9	431.51	0.31	1.0150	1.0000	0.1659	0.05	1.0000	0.05	1.0400	-	1.0000	-
Oral Surgery	38	161.35	0.52	1.0150	1.0000	0.1659	0.09	1.0000	0.09	1.0400	-	1.0000	-
Orthodontics	6	114.87	0.06	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Other	16	151.93	0.20	1.0150	1.0000	0.1659	0.03	1.0000	0.03	1.0400	-	1.0000	-
Total	236	115.03	2.26				0.38		0.38				-
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 2.36				\$ 0.40		\$ 0.40				\$ -
Total													
Member Months	1,943,522								1,787,883				1,775,045
Diagnostic	453	31.07	1.17	1.0150	1.0000	0.9323	1.11	0.9510	1.06	1.0400	0.9843	0.9951	1.07
Preventive	396	30.86	1.02	1.0150	1.0000	0.9602	0.99	0.9313	0.92	1.0400	0.9909	0.9936	0.95
Restorative	391	114.74	3.74	1.0150	1.0000	0.8721	3.31	0.9774	3.24	1.0400	0.9692	0.9972	3.25
Endodontics	50	255.59	1.06	1.0150	1.0000	0.8520	0.91	0.9910	0.90	1.0400	0.9640	0.9982	0.91
Oral Surgery	124	139.34	1.44	1.0150	1.0000	0.8173	1.19	1.0122	1.21	1.0400	0.9546	0.9998	1.20
Orthodontics	81	149.30	1.01	1.0150	1.0000	0.9694	0.99	0.9843	0.98	1.0400	0.9934	0.9978	1.01
Other	82	85.75	0.58	1.0150	1.0000	0.8220	0.49	0.9912	0.48	1.0400	0.9551	0.9982	0.48
Total	1,576	76.26	10.01				8.99		8.78				8.86
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 10.43				\$ 9.37		\$ 9.15				\$ 9.16

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Uninsured/Uninsurable													
				Data Adjustment Factors					Capitation Rates				
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Age Under 14													
Member Months	258,055								220,587				218,607
Diagnostic	1,296	21.66	2.34	1.0150	1.0000	1.0000	2.37	1.0000	2.37	1.0400	1.0000	1.0000	2.47
Preventive	1,545	28.67	3.69	1.0150	1.0000	1.0000	3.75	1.0000	3.75	1.0400	1.0000	1.0000	3.90
Restorative	652	87.90	4.77	1.0150	1.0000	1.0000	4.85	1.0000	4.85	1.0400	1.0000	1.0000	5.04
Endodontics	78	133.88	0.87	1.0150	1.0000	1.0000	0.88	1.0000	0.88	1.0400	1.0000	1.0000	0.91
Oral Surgery	183	70.25	1.07	1.0150	1.0000	1.0000	1.09	1.0000	1.09	1.0400	1.0000	1.0000	1.13
Orthodontics	206	147.93	2.54	1.0150	1.0000	1.0000	2.58	1.0000	2.58	1.0400	1.0000	1.0000	2.68
Other	175	41.62	0.61	1.0150	1.0000	1.0000	0.61	1.0000	0.61	1.0400	1.0000	1.0000	0.64
Subtotal	4,134	46.11	15.88				16.12		16.12				16.77
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 16.55				\$ 16.79		\$ 16.79				\$ 17.33
Ages 14 - 20 : Female													
Member Months	81,794								73,092				72,917
Diagnostic	1,284	24.23	2.59	1.0150	1.0000	1.0000	2.63	1.0000	2.63	1.0400	1.0000	1.0000	2.74
Preventive	1,105	32.70	3.01	1.0150	1.0000	1.0000	3.06	1.0000	3.06	1.0400	1.0000	1.0000	3.18
Restorative	944	107.35	8.44	1.0150	1.0000	1.0000	8.57	1.0000	8.57	1.0400	1.0000	1.0000	8.91
Endodontics	62	427.67	2.21	1.0150	1.0000	1.0000	2.24	1.0000	2.24	1.0400	1.0000	1.0000	2.33
Oral Surgery	311	194.47	5.03	1.0150	1.0000	1.0000	5.11	1.0000	5.11	1.0400	1.0000	1.0000	5.31
Orthodontics	805	111.89	7.51	1.0150	1.0000	1.0000	7.62	1.0000	7.62	1.0400	1.0000	1.0000	7.93
Other	198	100.02	1.65	1.0150	1.0000	1.0000	1.67	1.0000	1.67	1.0400	1.0000	1.0000	1.74
Subtotal	4,708	77.60	30.45				30.90		30.90				32.14
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 31.72				\$ 32.19		\$ 32.19				\$ 33.22
Ages 14 - 20 : Male													
Member Months	85,370								78,010				77,867
Diagnostic	1,019	23.82	2.02	1.0150	1.0000	1.0000	2.05	1.0000	2.05	1.0400	1.0000	1.0000	2.14
Preventive	909	32.57	2.47	1.0150	1.0000	1.0000	2.50	1.0000	2.50	1.0400	1.0000	1.0000	2.60
Restorative	830	103.63	7.17	1.0150	1.0000	1.0000	7.28	1.0000	7.28	1.0400	1.0000	1.0000	7.57
Endodontics	45	414.75	1.55	1.0150	1.0000	1.0000	1.58	1.0000	1.58	1.0400	1.0000	1.0000	1.64
Oral Surgery	201	179.73	3.00	1.0150	1.0000	1.0000	3.05	1.0000	3.05	1.0400	1.0000	1.0000	3.17
Orthodontics	613	108.10	5.52	1.0150	1.0000	1.0000	5.61	1.0000	5.61	1.0400	1.0000	1.0000	5.83
Other	128	91.00	0.97	1.0150	1.0000	1.0000	0.98	1.0000	0.98	1.0400	1.0000	1.0000	1.02
Subtotal	3,745	72.78	22.71				23.05		23.05				23.97
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 23.66				\$ 24.01		\$ 24.01				\$ 24.78

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Exhibit 12

Uninsured/Uninsurable													
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Data Adjustment Factors					Capitation Rates				
				Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages Over 21													
Member Months	-												
Diagnostic	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Preventive	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Restorative	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Endodontics	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Oral Surgery	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Orthodontics	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Other	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Total	-	-	-										
Admin %			4.00%				4.00%			4.00%			3.25%
Premium Tax			0.00%				0.00%			0.00%			0.00%
Total Premium Rate			\$ -				\$ -			\$ -			\$ -
Total													
Member Months	425,219									371,689			369,392
Diagnostic	1,238	22.53	2.32	1.0150	1.0000	1.0000	2.36	0.9992	2.36	1.0400	1.0000	1.0000	2.45
Preventive	1,333	29.84	3.31	1.0150	1.0000	1.0000	3.36	0.9958	3.35	1.0400	1.0000	0.9995	3.48
Restorative	744	96.17	5.96	1.0150	1.0000	1.0000	6.05	1.0063	6.09	1.0400	1.0000	1.0008	6.34
Endodontics	68	222.63	1.26	1.0150	1.0000	1.0000	1.28	1.0095	1.29	1.0400	1.0000	1.0013	1.35
Oral Surgery	211	126.36	2.22	1.0150	1.0000	1.0000	2.25	1.0156	2.29	1.0400	1.0000	1.0021	2.39
Orthodontics	403	121.91	4.09	1.0150	1.0000	1.0000	4.16	1.0119	4.20	1.0400	1.0000	1.0016	4.38
Other	170	62.17	0.88	1.0150	1.0000	1.0000	0.89	1.0088	0.90	1.0400	1.0000	1.0013	0.94
Total	4,166	57.77	20.06				20.36		20.48				21.32
Admin %			4.00%				4.00%			4.00%			3.25%
Premium Tax			0.00%				0.00%			0.00%			0.00%
Total Premium Rate			\$ 20.89				\$ 21.20			\$ 21.34			\$ 22.04

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Disabled													
				Data Adjustment Factors					Capitation Rates				
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Age Under 14													
Member Months	285,774								291,017				291,056
Diagnostic	886	28.99	2.14	1.0150	1.0000	1.0000	2.17	1.0000	2.17	1.0400	1.0000	1.0000	2.26
Preventive	994	28.79	2.39	1.0150	1.0000	1.0000	2.42	1.0000	2.42	1.0400	1.0000	1.0000	2.52
Restorative	472	98.28	3.87	1.0150	1.0000	1.0000	3.92	1.0000	3.92	1.0400	1.0000	1.0000	4.08
Endodontics	68	139.10	0.79	1.0150	1.0000	1.0000	0.80	1.0000	0.80	1.0400	1.0000	1.0000	0.83
Oral Surgery	145	72.68	0.88	1.0150	1.0000	1.0000	0.89	1.0000	0.89	1.0400	1.0000	1.0000	0.93
Orthodontics	71	184.46	1.08	1.0150	1.0000	1.0000	1.10	1.0000	1.10	1.0400	1.0000	1.0000	1.14
Other	101	50.57	0.43	1.0150	1.0000	1.0000	0.43	1.0000	0.43	1.0400	1.0000	1.0000	0.45
Subtotal	2,737	50.74	11.57				11.75		11.75				12.22
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 12.06				\$ 12.24		\$ 12.24				\$ 12.63
Ages 14 - 20 : Female													
Member Months	86,418								88,791				88,931
Diagnostic	1,007	29.71	2.49	1.0150	1.0000	1.0000	2.53	1.0000	2.53	1.0400	1.0000	1.0000	2.63
Preventive	761	33.13	2.10	1.0150	1.0000	1.0000	2.13	1.0000	2.13	1.0400	1.0000	1.0000	2.22
Restorative	797	110.87	7.36	1.0150	1.0000	1.0000	7.47	1.0000	7.47	1.0400	1.0000	1.0000	7.77
Endodontics	58	426.23	2.08	1.0150	1.0000	1.0000	2.11	1.0000	2.11	1.0400	1.0000	1.0000	2.19
Oral Surgery	218	159.90	2.90	1.0150	1.0000	1.0000	2.94	1.0000	2.94	1.0400	1.0000	1.0000	3.06
Orthodontics	322	132.12	3.54	1.0150	1.0000	1.0000	3.60	1.0000	3.60	1.0400	1.0000	1.0000	3.74
Other	139	107.01	1.24	1.0150	1.0000	1.0000	1.26	1.0000	1.26	1.0400	1.0000	1.0000	1.31
Subtotal	3,302	78.92	21.72				22.04		22.04				22.92
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 22.62				\$ 22.96		\$ 22.96				\$ 23.69
Ages 14 - 20 : Male													
Member Months	155,220								160,764				161,043
Diagnostic	819	30.21	2.06	1.0150	1.0000	1.0000	2.09	1.0000	2.09	1.0400	1.0000	1.0000	2.18
Preventive	626	32.98	1.72	1.0150	1.0000	1.0000	1.75	1.0000	1.75	1.0400	1.0000	1.0000	1.82
Restorative	700	115.16	6.72	1.0150	1.0000	1.0000	6.82	1.0000	6.82	1.0400	1.0000	1.0000	7.09
Endodontics	53	429.41	1.88	1.0150	1.0000	1.0000	1.91	1.0000	1.91	1.0400	1.0000	1.0000	1.99
Oral Surgery	180	160.75	2.41	1.0150	1.0000	1.0000	2.44	1.0000	2.44	1.0400	1.0000	1.0000	2.54
Orthodontics	201	139.81	2.34	1.0150	1.0000	1.0000	2.38	1.0000	2.38	1.0400	1.0000	1.0000	2.47
Other	99	119.44	0.98	1.0150	1.0000	1.0000	1.00	1.0000	1.00	1.0400	1.0000	1.0000	1.04
Subtotal	2,677	81.19	18.11				18.38		18.38				19.12
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 18.87				\$ 19.15		\$ 19.15				\$ 19.76

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs:

Statewide

Exhibit 12

Disabled													
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Data Adjustment Factors					Capitation Rates				
				Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages Over 21													
Member Months	1,309,742								1,319,742				1,317,658
Diagnostic	13	31.81	0.03	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Preventive	6	33.84	0.02	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Restorative	14	126.99	0.15	1.0150	1.0000	0.1659	0.02	1.0000	0.02	1.0400	-	1.0000	-
Endodontics	1	426.55	0.04	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Oral Surgery	19	115.91	0.18	1.0150	1.0000	0.1659	0.03	1.0000	0.03	1.0400	-	1.0000	-
Orthodontics	2	118.77	0.02	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Other	4	166.54	0.05	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Total	58	101.65	0.49				0.08		0.08				-
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 0.51				\$ 0.09		\$ 0.09				\$ -
Total													
Member Months	1,837,154								1,860,314				1,858,688
Diagnostic	263	29.53	0.65	1.0150	1.0000	0.9695	0.64	1.0120	0.65	1.0400	0.9938	1.0017	0.67
Preventive	248	30.40	0.63	1.0150	1.0000	0.9843	0.63	1.0111	0.63	1.0400	0.9969	1.0016	0.66
Restorative	180	108.03	1.62	1.0150	1.0000	0.9461	1.56	1.0139	1.58	1.0400	0.9889	1.0019	1.63
Endodontics	19	263.40	0.41	1.0150	1.0000	0.9403	0.39	1.0149	0.40	1.0400	0.9876	1.0021	0.41
Oral Surgery	61	118.42	0.61	1.0150	1.0000	0.8222	0.51	1.0147	0.51	1.0400	0.9578	1.0021	0.51
Orthodontics	44	147.64	0.55	1.0150	1.0000	0.9811	0.54	1.0148	0.55	1.0400	0.9962	1.0021	0.57
Other	33	88.42	0.25	1.0150	1.0000	0.8702	0.22	1.0145	0.22	1.0400	0.9709	1.0021	0.22
Total	848	66.49	4.70				4.48		4.54				4.67
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 4.90				\$ 4.66		\$ 4.73				\$ 4.82

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Duals													
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Data Adjustment Factors					Capitation Rates				
				Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Age Under 14													
Member Months	455								407				409
Diagnostic	738	30.00	1.85	1.0150	1.0000	1.0000	1.87	1.0000	1.87	1.0400	1.0000	1.0000	1.95
Preventive	844	28.75	2.02	1.0150	1.0000	1.0000	2.05	1.0000	2.05	1.0400	1.0000	1.0000	2.13
Restorative	211	71.13	1.25	1.0150	1.0000	1.0000	1.27	1.0000	1.27	1.0400	1.0000	1.0000	1.32
Endodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Oral Surgery	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Orthodontics	132	330.00	3.63	1.0150	1.0000	1.0000	3.68	1.0000	3.68	1.0400	1.0000	1.0000	3.83
Other	105	330.00	2.90	1.0150	1.0000	1.0000	2.94	1.0000	2.94	1.0400	1.0000	1.0000	3.06
Subtotal	2,031	68.82	11.65				11.82		11.82				12.29
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 12.13				\$ 12.31		\$ 12.31				\$ 12.71
Ages 14 - 20 : Female													
Member Months	851								885				913
Diagnostic	1,015	31.15	2.64	1.0150	1.0000	1.0000	2.68	1.0000	2.68	1.0400	1.0000	1.0000	2.78
Preventive	790	32.52	2.14	1.0150	1.0000	1.0000	2.17	1.0000	2.17	1.0400	1.0000	1.0000	2.26
Restorative	550	225.44	10.33	1.0150	1.0000	1.0000	10.49	1.0000	10.49	1.0400	1.0000	1.0000	10.91
Endodontics	71	500.20	2.94	1.0150	1.0000	1.0000	2.98	1.0000	2.98	1.0400	1.0000	1.0000	3.10
Oral Surgery	367	132.00	4.03	1.0150	1.0000	1.0000	4.09	1.0000	4.09	1.0400	1.0000	1.0000	4.26
Orthodontics	437	135.48	4.94	1.0150	1.0000	1.0000	5.01	1.0000	5.01	1.0400	1.0000	1.0000	5.21
Other	197	84.93	1.40	1.0150	1.0000	1.0000	1.42	1.0000	1.42	1.0400	1.0000	1.0000	1.48
Subtotal	3,427	99.50	28.42				28.84		28.84				30.00
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 29.60				\$ 30.04		\$ 30.04				\$ 31.00
Ages 14 - 20 : Male													
Member Months	1,231								1,375				1,432
Diagnostic	994	31.57	2.62	1.0150	1.0000	1.0000	2.66	1.0000	2.66	1.0400	1.0000	1.0000	2.76
Preventive	624	33.56	1.75	1.0150	1.0000	1.0000	1.77	1.0000	1.77	1.0400	1.0000	1.0000	1.84
Restorative	897	121.46	9.08	1.0150	1.0000	1.0000	9.21	1.0000	9.21	1.0400	1.0000	1.0000	9.58
Endodontics	88	446.11	3.26	1.0150	1.0000	1.0000	3.31	1.0000	3.31	1.0400	1.0000	1.0000	3.44
Oral Surgery	292	166.60	4.06	1.0150	1.0000	1.0000	4.12	1.0000	4.12	1.0400	1.0000	1.0000	4.29
Orthodontics	380	161.54	5.12	1.0150	1.0000	1.0000	5.20	1.0000	5.20	1.0400	1.0000	1.0000	5.40
Other	224	157.61	2.95	1.0150	1.0000	1.0000	2.99	1.0000	2.99	1.0400	1.0000	1.0000	3.11
Subtotal	3,500	98.83	28.83				29.26		29.26				30.43
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 30.03				\$ 30.48		\$ 30.48				\$ 31.45

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Exhibit 12

Duals													
				Data Adjustment Factors					Capitation Rates				
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages Over 21													
Member Months	2,054,576								2,144,654				2,151,470
Diagnostic	2	37.06	0.01	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Preventive	1	34.31	0.00	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Restorative	1	150.05	0.02	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Endodontics	0	401.67	0.00	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Oral Surgery	10	97.78	0.08	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Orthodontics	0	95.20	0.00	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Other	1	226.06	0.02	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Total	16	104.27	0.14				0.02		0.02				-
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 0.14				\$ 0.02		\$ 0.02				\$ -
Total													
Member Months	2,057,113								2,147,321				2,154,223
Diagnostic	3	34.91	0.01	1.0150	1.0000	0.4398	0.00	1.0116	0.00	1.0400	0.7494	1.0304	0.00
Preventive	1	33.04	0.00	1.0150	1.0000	0.6461	0.00	1.0023	0.00	1.0400	0.8913	1.0284	0.00
Restorative	2	149.18	0.03	1.0150	1.0000	0.4746	0.01	1.0256	0.01	1.0400	0.7852	1.0330	0.01
Endodontics	0	429.56	0.01	1.0150	1.0000	0.5613	0.00	1.0355	0.00	1.0400	0.8498	1.0343	0.00
Oral Surgery	11	99.41	0.09	1.0150	1.0000	0.2050	0.02	1.0092	0.02	1.0400	0.2354	1.0341	0.00
Orthodontics	1	141.16	0.01	1.0150	1.0000	0.8246	0.01	1.0151	0.01	1.0400	0.9583	1.0304	0.01
Other	2	213.91	0.03	1.0150	1.0000	0.2586	0.01	1.0043	0.01	1.0400	0.4322	1.0294	0.00
Total	20	102.55	0.17				0.06		0.06				0.04
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 0.18				\$ 0.06		\$ 0.06				\$ 0.04

Waiver Duals													
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Data Adjustment Factors					Capitation Rates				
				Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Age Under 14													
Member Months	0												
Diagnostic	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Preventive	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Restorative	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Endodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Oral Surgery	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Orthodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Other	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Subtotal	-	-	-										
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ -				\$ -		\$ -				\$ -
Ages 14 - 20 : Female													
Member Months	2								4				5
Diagnostic	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Preventive	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Restorative	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Endodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Oral Surgery	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Orthodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Other	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Subtotal	-	-	-										
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ -				\$ -		\$ -				\$ -
Ages 14 - 20 : Male													
Member Months	4								12				12
Diagnostic	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Preventive	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Restorative	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Endodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Oral Surgery	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Orthodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Other	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Subtotal	-	-	-										
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ -				\$ -		\$ -				\$ -

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Waiver Duals													
				Data Adjustment Factors					Capitation Rates				
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages Over 21													
Member Months	35,124								1,440				1,445
Diagnostic	1	31.50	0.00	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Preventive	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Restorative	1	249.50	0.01	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Endodontics	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Oral Surgery	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Orthodontics	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Other	-	-	-	1.0150	1.0000	0.1659	-	1.0000	-	1.0400	-	1.0000	-
Total	1	140.50	0.02				0.00		0.00				-
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 0.02				\$ 0.00		\$ 0.00				\$ -
Total													
Member Months	35,130								1,456				1,462
Diagnostic	1	31.50	0.00	1.0150	1.0000	0.1659	0.00	-	0.00	1.0400	-	1.0000	-
Preventive	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Restorative	1	249.50	0.01	1.0150	1.0000	0.1659	0.00	-	0.00	1.0400	-	1.0000	-
Endodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Oral Surgery	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Orthodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Other	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Total	1	140.50	0.02				0.00		0.00				-
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 0.02				\$ 0.00		\$ 0.00				\$ -

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: **Statewide**

Disenrolled													
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Data Adjustment Factors					Capitation Rates				
				Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Age Under 14													
Member Months	3								-				-
Diagnostic	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Preventive	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Restorative	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Endodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Oral Surgery	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Orthodontics	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Other	-	-	-	1.0150	1.0000	1.0000	-	1.0000	-	1.0400	1.0000	1.0000	-
Subtotal	-	-	-						-				-
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ -				\$ -		\$ -				\$ -
Ages 14 - 20 : Female													
Member Months	21,131								4,185				-
Diagnostic	1,228	27.18	2.78	1.0150	1.0000	1.0000	2.82	1.0000	2.82	1.0400	1.0000	1.0000	2.94
Preventive	799	33.62	2.24	1.0150	1.0000	1.0000	2.27	1.0000	2.27	1.0400	1.0000	1.0000	2.36
Restorative	978	115.76	9.43	1.0150	1.0000	1.0000	9.57	1.0000	9.57	1.0400	1.0000	1.0000	9.96
Endodontics	84	441.61	3.09	1.0150	1.0000	1.0000	3.14	1.0000	3.14	1.0400	1.0000	1.0000	3.26
Oral Surgery	411	196.60	6.73	1.0150	1.0000	1.0000	6.83	1.0000	6.83	1.0400	1.0000	1.0000	7.10
Orthodontics	259	127.35	2.75	1.0150	1.0000	1.0000	2.79	1.0000	2.79	1.0400	1.0000	1.0000	2.90
Other	254	125.82	2.67	1.0150	1.0000	1.0000	2.71	1.0000	2.71	1.0400	1.0000	1.0000	2.82
Subtotal	4,013	88.78	29.69				30.13		30.13				31.34
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 30.93				\$ 31.39		\$ 31.39				\$ 32.39
Ages 14 - 20 : Male													
Member Months	22,281								4,123				-
Diagnostic	762	28.58	1.81	1.0150	1.0000	1.0000	1.84	1.0000	1.84	1.0400	1.0000	1.0000	1.91
Preventive	510	33.73	1.43	1.0150	1.0000	1.0000	1.45	1.0000	1.45	1.0400	1.0000	1.0000	1.51
Restorative	641	130.06	6.95	1.0150	1.0000	1.0000	7.05	1.0000	7.05	1.0400	1.0000	1.0000	7.33
Endodontics	67	401.06	2.23	1.0150	1.0000	1.0000	2.27	1.0000	2.27	1.0400	1.0000	1.0000	2.36
Oral Surgery	267	182.45	4.05	1.0150	1.0000	1.0000	4.11	1.0000	4.11	1.0400	1.0000	1.0000	4.28
Orthodontics	108	126.74	1.14	1.0150	1.0000	1.0000	1.16	1.0000	1.16	1.0400	1.0000	1.0000	1.21
Other	143	107.55	1.28	1.0150	1.0000	1.0000	1.30	1.0000	1.30	1.0400	1.0000	1.0000	1.35
Subtotal	2,497	90.84	18.90				19.18		19.18				19.95
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 19.69				\$ 19.98		\$ 19.98				\$ 20.62

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: Statewide

Exhibit 12

Disenrolled													
	Units Per 1,000	Paid Expenditures / Unit	Paid Expenditures PMPM	Data Adjustment Factors					Capitation Rates				
				Trend To FY 2006	IBNR Completion	Benefit Adjust.	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Benefit Adjust.	Enrollment Impact	FY 2007 PMPM
Ages Over 21													
Member Months	1,860,318								470,723				-
Diagnostic	10	32.39	0.03	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Preventive	5	33.82	0.01	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Restorative	11	138.33	0.12	1.0150	1.0000	0.1659	0.02	1.0000	0.02	1.0400	-	1.0000	-
Endodontics	1	434.61	0.03	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Oral Surgery	13	148.95	0.16	1.0150	1.0000	0.1659	0.03	1.0000	0.03	1.0400	-	1.0000	-
Orthodontics	2	100.64	0.02	1.0150	1.0000	0.1659	0.00	1.0000	0.00	1.0400	-	1.0000	-
Other	4	164.00	0.05	1.0150	1.0000	0.1659	0.01	1.0000	0.01	1.0400	-	1.0000	-
Total	45	113.74	0.43				0.07		0.07				-
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 0.45				\$ 0.08		\$ 0.08				\$ -
Total													
Member Months	1,903,733								479,031				-
Diagnostic	32	29.13	0.08	1.0150	1.0000	0.7228	0.06	0.7843	0.04	1.0400	0.9021	1.0000	-
Preventive	20	33.70	0.05	1.0150	1.0000	0.7980	0.04	0.7783	0.03	1.0400	0.9349	1.0000	-
Restorative	29	127.65	0.31	1.0150	1.0000	0.6733	0.21	0.7877	0.16	1.0400	0.8768	1.0000	-
Endodontics	3	427.08	0.09	1.0150	1.0000	0.7075	0.07	0.7845	0.05	1.0400	0.8946	1.0000	-
Oral Surgery	20	164.72	0.28	1.0150	1.0000	0.5296	0.15	0.8091	0.12	1.0400	0.7803	1.0000	-
Orthodontics	6	118.24	0.06	1.0150	1.0000	0.7612	0.05	0.7859	0.04	1.0400	0.9201	1.0000	-
Other	8	139.82	0.10	1.0150	1.0000	0.5477	0.05	0.8084	0.04	1.0400	0.7957	1.0000	-
Total	118	98.66	0.97				0.63		0.50				-
Admin %			4.00%				4.00%		4.00%				3.25%
Premium Tax			0.00%				0.00%		0.00%				0.00%
Total Premium Rate			\$ 1.01				\$ 0.66		\$ 0.52				\$ -

TennCare
 FY 2007 Per Capita Cost Development
 Development of Per Capita Costs: Statewide

Exhibit 13

Total Dental Experience						
Service Category	10/2004 through 9/2005 Incurred		Fiscal Year 2006		Fiscal Year 2007	
	PMPM	Total	PMPM	Total	PMPM	Total
Total						
Member Months		16,050,953		15,080,058		14,652,707
Diagnostic	\$ 1.16	\$ 18,684,573	\$ 1.28	\$ 19,375,890	\$ 1.37	\$ 20,145,029
Preventive	\$ 1.19	\$ 19,085,923	\$ 1.32	\$ 19,954,481	\$ 1.42	\$ 20,786,245
Restorative	\$ 2.85	\$ 45,818,804	\$ 3.06	\$ 46,206,544	\$ 3.26	\$ 47,802,371
Endodontics	\$ 0.70	\$ 11,235,322	\$ 0.74	\$ 11,155,295	\$ 0.79	\$ 11,503,699
Oral Surgery	\$ 0.88	\$ 14,195,050	\$ 0.87	\$ 13,066,378	\$ 0.91	\$ 13,294,360
Orthodontics	\$ 0.91	\$ 14,560,362	\$ 1.00	\$ 15,125,776	\$ 1.07	\$ 15,751,431
Other	\$ 0.39	\$ 6,231,643	\$ 0.39	\$ 5,878,758	\$ 0.41	\$ 6,009,381
Total	\$ 8.09	\$ 129,811,677	\$ 8.67	\$ 130,763,122	\$ 9.23	\$ 135,292,517
Admin	\$ 0.34	\$ 5,408,820	\$ 0.36	\$ 5,448,463	\$ 0.31	\$ 4,544,710
Premium Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Premium Rate	\$ 8.42	\$ 135,220,497	\$ 9.03	\$ 136,211,586	\$ 9.54	\$ 139,837,226

Statewide

Total Dental Experience										
Aid Category	Age Group	10/2004 through 9/2005 Incurred			Fiscal Year 2006			Fiscal Year 2007		
		Members	PMPM	Total	Projected	PMPM	Total	Proejected	PMPM	Total
Medicaid (TANF and Related)	Age Under 14	4,434,052	\$ 12.34	\$ 54,717,495	4,794,198	\$ 12.52	\$ 60,047,019	4,824,232	\$ 12.92	\$ 62,352,987
	Ages 14 - 20 : Female	764,637	\$ 29.60	\$ 22,633,897	841,183	\$ 30.04	\$ 25,272,292	848,536	\$ 31.00	\$ 26,307,411
	Ages 14 - 20 : Male	609,277	\$ 24.69	\$ 15,041,541	679,262	\$ 25.06	\$ 17,020,207	686,045	\$ 25.86	\$ 17,739,196
	Ages Over 21	2,041,116	\$ 1.17	\$ 2,387,782	2,117,721	\$ 0.20	\$ 417,270	2,135,084	\$ -	\$ -
	Total	7,849,082	\$ 12.08	\$ 94,780,716	8,432,363	\$ 12.19	\$ 102,756,788	8,493,897	\$ 12.53	\$ 106,399,593
Medically Needy	Age Under 14	409,886	\$ 16.79	\$ 6,883,717	325,165	\$ 17.05	\$ 5,542,609	318,777	\$ 17.59	\$ 5,607,255
	Ages 14 - 20 : Female	179,667	\$ 34.87	\$ 6,264,296	171,686	\$ 35.39	\$ 6,075,601	170,715	\$ 36.52	\$ 6,234,160
	Ages 14 - 20 : Male	169,119	\$ 25.60	\$ 4,329,062	165,241	\$ 25.98	\$ 4,293,080	164,608	\$ 26.81	\$ 4,413,243
	Ages Over 21	1,184,850	\$ 2.36	\$ 2,794,673	1,125,790	\$ 0.40	\$ 447,246	1,120,946	\$ -	\$ -
	Total	1,943,522	\$ 10.43	\$ 20,271,748	1,787,883	\$ 9.15	\$ 16,358,536	1,775,045	\$ 9.16	\$ 16,254,659
Uninsured/Uninsurable	Age Under 14	258,055	\$ 16.55	\$ 4,269,909	220,587	\$ 16.79	\$ 3,704,560	218,607	\$ 17.33	\$ 3,788,571
	Ages 14 - 20 : Female	81,794	\$ 31.72	\$ 2,594,224	73,092	\$ 32.19	\$ 2,352,907	72,917	\$ 33.22	\$ 2,422,257
	Ages 14 - 20 : Male	85,370	\$ 23.66	\$ 2,019,650	78,010	\$ 24.01	\$ 1,873,166	77,867	\$ 24.78	\$ 1,929,431
	Ages Over 21	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -
	Total	425,219	\$ 20.89	\$ 8,883,783	371,689	\$ 21.34	\$ 7,930,632	369,392	\$ 22.04	\$ 8,140,258
Disabled	Age Under 14	285,774	\$ 12.06	\$ 3,445,145	291,017	\$ 12.24	\$ 3,560,843	291,056	\$ 12.63	\$ 3,675,070
	Ages 14 - 20 : Female	86,418	\$ 22.62	\$ 1,954,859	88,791	\$ 22.96	\$ 2,038,588	88,931	\$ 23.69	\$ 2,107,006
	Ages 14 - 20 : Male	155,220	\$ 18.87	\$ 2,928,305	160,764	\$ 19.15	\$ 3,078,286	161,043	\$ 19.76	\$ 3,182,114
	Ages Over 21	1,309,742	\$ 0.51	\$ 668,215	1,319,742	\$ 0.09	\$ 113,407	1,317,658	\$ -	\$ -
	Total	1,837,154	\$ 4.90	\$ 8,996,524	1,860,314	\$ 4.73	\$ 8,791,125	1,858,688	\$ 4.82	\$ 8,964,189
Duals	Age Under 14	455	\$ 12.13	\$ 5,520	407	\$ 12.31	\$ 5,010	409	\$ 12.71	\$ 5,195
	Ages 14 - 20 : Female	851	\$ 29.60	\$ 25,185	885	\$ 30.04	\$ 26,584	913	\$ 31.00	\$ 28,298
	Ages 14 - 20 : Male	1,231	\$ 30.03	\$ 36,958	1,375	\$ 30.48	\$ 41,916	1,432	\$ 31.45	\$ 45,033
	Ages Over 21	2,054,576	\$ 0.14	\$ 294,356	2,144,654	\$ 0.02	\$ 51,752	2,151,470	\$ -	\$ -
	Total	2,057,113	\$ 0.18	\$ 362,020	2,147,321	\$ 0.06	\$ 125,262	2,154,223	\$ 0.04	\$ 78,527
Waiver Duals	Age Under 14	0	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -
	Ages 14 - 20 : Female	2	\$ -	\$ -	4	\$ -	\$ -	5	\$ -	\$ -
	Ages 14 - 20 : Male	4	\$ -	\$ -	12	\$ -	\$ -	12	\$ -	\$ -
	Ages Over 21	35,124	\$ 0.02	\$ 585	1,440	\$ 0.00	\$ 4	1,445	\$ -	\$ -
	Total	35,130	\$ 0.02	\$ 585	1,456	\$ 0.00	\$ 4	1,462	\$ -	\$ -
Disenrolled	Age Under 14	3	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -
	Ages 14 - 20 : Female	21,131	\$ 30.93	\$ 653,490	4,185	\$ 31.39	\$ 131,349	-	\$ 32.39	\$ -
	Ages 14 - 20 : Male	22,281	\$ 19.69	\$ 438,698	4,123	\$ 19.98	\$ 82,392	-	\$ 20.62	\$ -
	Ages Over 21	1,860,318	\$ 0.45	\$ 832,933	470,723	\$ 0.08	\$ 35,498	-	\$ -	\$ -
	Total	1,903,733	\$ 1.01	\$ 1,925,121	479,031	\$ 0.52	\$ 249,239	-	\$ -	\$ -
All Groups	All Ages	16,050,953	\$ 8.42	\$ 135,220,497	15,080,058	\$ 9.03	\$ 136,211,586	14,652,707	\$ 9.54	\$ 139,837,226

Statewide

BHO Priority All Ages														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	1,030,002										1,029,724			1,036,989
Inpatient - FFS	49,034,619	143,204	1,668	342.41	47.61	1.037	1.023	0.961	48.53	0.995	48.30	1.097	1.000	52.97
Inpatient - RMHI	46,004,344	46,697	544	985.17	44.66	1.000	1.000	1.035	46.21	1.004	46.39	1.120	1.000	51.97
Inpatient - TCMC	3,362,678	-	-	-	3.26	1.037	1.023	1.040	3.60	1.005	3.62	1.097	1.000	3.97
OP - Non Methadone	8,781,108	112,537	1,311	78.03	8.53	1.037	1.011	1.084	9.69	0.999	9.68	1.097	1.000	10.62
OP - Methadone - FFS	566,569	2,656	31	213.32	0.55	1.037	1.011	1.000	0.58	0.024	0.01	1.097	0.999	0.01
OP - Methadone - Capitated	1,296,266	-	-	-	1.26	1.037	1.011	1.000	1.32	0.417	0.55	1.097	0.999	0.60
CMHC	93,892,200	547,322	6,377	171.55	91.16	1.022	1.000	1.035	96.46	1.000	96.47	1.071	1.000	103.33
Grant Payments	22,407,828	-	-	-	21.76	1.130	1.000	1.000	24.58	1.001	24.60	1.043	1.000	25.65
In-Home Services	6,326,464	4,098	48	1,543.79	6.14	1.037	1.003	1.042	6.66	0.983	6.54	1.097	0.999	7.17
Supported Housing	11,319,493	10,665	124	1,061.37	10.99	1.037	1.006	1.000	11.47	1.009	11.58	1.097	1.000	12.70
23 Hour	88,068	121	1	727.83	0.09	1.037	1.004	1.031	0.09	1.008	0.09	1.097	1.000	0.10
IOP	2,504,588	8,428	98	297.17	2.43	1.037	1.015	1.026	2.62	0.996	2.61	1.097	1.000	2.87
Partial Hospitalization	350,087	400	5	875.22	0.34	1.037	1.011	0.787	0.28	1.001	0.28	1.097	1.000	0.31
Transportation - FFS	6,820,747	124,307	1,448	54.87	6.62	1.037	1.001	1.027	7.06	1.005	7.10	1.097	1.000	7.79
Transportation - CSA Cap	982,419	-	-	-	0.95	1.037	1.001	1.103	1.09	0.998	1.09	1.097	1.000	1.20
Total	\$ 253,737,478	1,000,435	11,656	253.63	\$ 246.35				\$ 260.25		\$ 258.91			\$ 281.26
Admin %					9.7%				9.7%		9.7%			9.7%
Premium Tax					2.0%				2.0%		2.0%			2.0%
Total Premium Rate					\$ 278.86				\$ 294.60		\$ 293.09			\$ 318.38

BHO Priority Age 0 - 13														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	166,155										162,918			163,795
Inpatient - FFS	7,222,304	27,232	1,967	265.21	43.47	1.037	1.023	0.990	45.64	1.000	45.64	1.097	1.000	50.05
Inpatient - RMHI	1,607,178	1,493	108	1,076.21	9.67	1.000	1.000	1.000	9.67	1.000	9.67	1.120	1.000	10.83
Inpatient - TCMC	191,262	-	-	-	1.15	1.037	1.023	1.040	1.27	1.000	1.27	1.097	1.000	1.39
OP - Non Methadone	1,164,043	18,690	1,350	62.28	7.01	1.037	1.011	1.084	7.96	1.000	7.96	1.097	1.000	8.73
OP - Methadone - FFS	-	-	-	-	-	1.037	1.011	1.000	-	1.000	-	1.097	1.000	-
OP - Methadone - Capitated	179,998	-	-	-	1.08	1.037	1.011	1.000	1.14	1.000	1.14	1.097	1.000	1.25
CMHC	19,484,060	103,825	7,498	187.66	117.26	1.022	1.000	1.035	124.09	1.000	124.09	1.071	1.000	132.92
Grant Payments	2,327,140	-	-	-	14.01	1.130	1.000	1.000	15.82	1.000	15.82	1.043	1.000	16.50
In-Home Services	2,860,849	1,853	134	1,543.90	17.22	1.037	1.003	1.042	18.66	1.000	18.66	1.097	1.000	20.47
Supported Housing	900	1	0	900.00	0.01	1.037	1.006	16.835	0.10	1.000	0.10	1.097	1.000	0.10
23 Hour	-	-	-	-	-	1.037	1.004	1.031	-	1.000	-	1.097	1.000	-
IOP	237,210	989	71	239.85	1.43	1.037	1.015	1.025	1.54	1.000	1.54	1.097	1.000	1.69
Partial Hospitalization	46,855	56	4	836.70	0.28	1.037	1.011	1.185	0.35	1.000	0.35	1.097	1.000	0.38
Transportation - FFS	365,769	5,285	382	69.21	2.20	1.037	1.001	1.272	2.91	1.000	2.91	1.097	1.000	3.19
Transportation - CSA Cap	136,418	-	-	-	0.82	1.037	1.001	1.272	1.08	1.000	1.08	1.097	1.000	1.19
Total	\$ 35,823,987	159,425	11,514	224.71	\$ 215.61				\$ 230.23		\$ 230.23			\$ 248.71
Admin %					9.7%				9.7%		9.7%			9.7%
Premium Tax					2.0%				2.0%		2.0%			2.0%
Total Premium Rate					\$ 244.06				\$ 260.62		\$ 260.62			\$ 281.53

Statewide

BHO Priority Age 14 - 18														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	135,942										133,770			134,727
Inpatient - FFS	16,249,819	60,395	5,331	269.06	119.53	1.037	1.023	0.990	125.50	1.000	125.50	1.097	1.000	137.64
Inpatient - RMHI	3,616,069	4,264	376	848.04	26.60	1.000	1.000	1.000	26.60	1.000	26.60	1.120	1.000	29.79
Inpatient - TCMC	363,436	-	-	-	2.67	1.037	1.023	1.040	2.95	1.000	2.95	1.097	1.000	3.24
OP - Non Methadone	1,497,778	20,281	1,790	73.85	11.02	1.037	1.011	1.084	12.52	1.000	12.52	1.097	1.000	13.74
OP - Methadone - FFS	-	-	-	-	-	1.037	1.011	1.000	-	1.000	-	1.097	1.000	-
OP - Methadone - Capitated	342,034	-	-	-	2.52	1.037	1.011	1.000	2.64	1.000	2.64	1.097	1.000	2.89
CMHC	9,994,034	54,094	4,775	184.75	73.52	1.022	1.000	1.035	77.80	1.000	77.80	1.071	1.000	83.33
Grant Payments	4,422,040	-	-	-	32.53	1.130	1.000	1.000	36.75	1.000	36.75	1.043	1.000	38.32
In-Home Services	3,465,615	2,245	198	1,543.70	25.49	1.037	1.003	1.042	27.63	1.000	27.63	1.097	1.000	30.30
Supported Housing	9,992	7	1	1,427.45	0.07	1.037	1.006	16.835	1.29	1.000	1.29	1.097	1.000	1.42
23 Hour	-	-	-	-	-	1.037	1.004	1.031	-	1.000	-	1.097	1.000	-
IOP	887,181	3,010	266	294.74	6.53	1.037	1.015	1.025	7.04	1.000	7.04	1.097	1.000	7.72
Partial Hospitalization	35,848	37	3	968.87	0.26	1.037	1.011	1.185	0.33	1.000	0.33	1.097	1.000	0.36
Transportation - FFS	494,469	6,478	572	76.33	3.64	1.037	1.001	1.272	4.81	1.000	4.81	1.097	1.000	5.27
Transportation - CSA Cap	259,222	-	-	-	1.91	1.037	1.001	1.272	2.52	1.000	2.52	1.097	1.000	2.76
Total	\$ 41,637,538	150,811	13,312	276.09	\$ 306.29				\$ 328.37		\$ 328.37			\$ 356.79
Admin %					9.7%				9.7%		9.7%			9.7%
Premium Tax					2.0%				2.0%		2.0%			2.0%
Total Premium Rate					\$ 346.71				\$ 371.71		\$ 371.71			\$ 403.88

BHO Priority Age 19 - 20														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	26,862										25,073			25,220
Inpatient - FFS	1,340,144	2,496	1,115	536.92	49.89	1.037	1.023	0.935	49.49	1.000	49.49	1.097	1.000	54.28
Inpatient - RMHI	1,980,718	1,856	829	1,067.02	73.74	1.000	1.000	1.039	76.61	1.000	76.61	1.120	1.000	85.81
Inpatient - TCMC	31,220	-	-	-	1.16	1.037	1.023	1.040	1.28	1.000	1.28	1.097	1.000	1.41
OP - Non Methadone	281,742	2,862	1,279	98.44	10.49	1.037	1.011	1.084	11.92	1.000	11.92	1.097	1.000	13.08
OP - Methadone - FFS	14,354	64	29	224.28	0.53	1.037	1.011	1.000	0.56	1.000	0.56	1.097	1.000	0.61
OP - Methadone - Capitated	29,382	-	-	-	1.09	1.037	1.011	1.000	1.15	1.000	1.15	1.097	1.000	1.26
CMHC	1,518,666	9,106	4,068	166.77	56.54	1.022	1.000	1.035	59.83	1.000	59.83	1.071	1.000	64.09
Grant Payments	379,868	-	-	-	14.14	1.130	1.000	1.000	15.98	1.000	15.98	1.043	1.000	16.66
In-Home Services	-	-	-	-	-	1.037	1.003	1.050	-	1.000	-	1.097	1.000	-
Supported Housing	123,824	71	32	1,744.00	4.61	1.037	1.006	0.985	4.74	1.000	4.74	1.097	1.000	5.20
23 Hour	3,039	4	2	759.69	0.11	1.037	1.004	1.031	0.12	1.000	0.12	1.097	1.000	0.13
IOP	61,239	166	74	368.91	2.28	1.037	1.015	1.026	2.46	1.000	2.46	1.097	1.000	2.70
Partial Hospitalization	10,284	12	5	856.97	0.38	1.037	1.011	0.667	0.27	1.000	0.27	1.097	1.000	0.29
Transportation - FFS	110,362	1,601	715	68.93	4.11	1.037	1.001	0.992	4.23	1.000	4.23	1.097	1.000	4.64
Transportation - CSA Cap	22,268	-	-	-	0.83	1.037	1.001	0.992	0.85	1.000	0.85	1.097	1.000	0.94
Total	\$ 5,907,108	18,239	8,148	323.88	\$ 219.91				\$ 229.50		\$ 229.50			\$ 251.09
Admin %					9.7%				9.7%		9.7%			9.7%
Premium Tax					2.0%				2.0%		2.0%			2.0%
Total Premium Rate					\$ 248.93				\$ 259.79		\$ 259.79			\$ 284.23

TennCare Partners
 FY 2007 Per Capita Cost Development
 BHO Priority Per Capita Costs:

Exhibit 15

Statewide

BHO Priority Age 21+														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	701,043										707,963			713,247
Inpatient - FFS	24,222,352	53,081	909	456.33	34.55	1.037	1.023	0.935	34.28	1.000	34.28	1.097	1.000	37.59
Inpatient - RMHI	38,800,379	39,083	669	992.77	55.35	1.000	1.000	1.039	57.51	1.000	57.51	1.120	1.000	64.41
Inpatient - TCMC	2,776,760	-	-	-	3.96	1.037	1.023	1.040	4.37	1.000	4.37	1.097	1.000	4.79
OP - Non Methadone	5,837,546	70,704	1,210	82.56	8.33	1.037	1.011	1.084	9.46	1.000	9.46	1.097	1.000	10.38
OP - Methadone - FFS	552,215	2,592	44	213.05	0.79	1.037	1.011	-	-	1.000	-	1.097	1.000	-
OP - Methadone - Capitated	744,852	-	-	-	1.06	1.037	1.011	-	-	1.000	-	1.097	1.000	-
CMHC	62,895,440	380,296	6,510	165.39	89.72	1.022	1.000	1.035	94.94	1.000	94.94	1.071	1.000	101.70
Grant Payments	15,278,780	-	-	-	21.79	1.130	1.000	1.000	24.62	1.000	24.62	1.043	1.000	25.67
In-Home Services	-	-	-	-	-	1.037	1.003	1.050	-	1.000	-	1.097	1.000	-
Supported Housing	11,184,777	10,586	181	1,056.56	15.95	1.037	1.006	0.985	16.41	1.000	16.41	1.097	1.000	17.99
23 Hour	85,029	117	2	726.74	0.12	1.037	1.004	1.031	0.13	1.000	0.13	1.097	1.000	0.14
IOP	1,318,959	4,263	73	309.40	1.88	1.037	1.015	1.026	2.03	1.000	2.03	1.097	1.000	2.23
Partial Hospitalization	257,099	295	5	871.52	0.37	1.037	1.011	0.667	0.26	1.000	0.26	1.097	1.000	0.28
Transportation - FFS	5,850,147	110,943	1,899	52.73	8.34	1.037	1.001	0.992	8.60	1.000	8.60	1.097	1.000	9.43
Transportation - CSA Cap	564,511	-	-	-	0.81	1.037	1.001	0.992	0.83	1.000	0.83	1.097	1.000	0.91
Total	\$ 170,368,844	671,960	11,502	253.54	\$ 243.02				\$ 253.43		\$ 253.43			\$ 275.53
Admin %					9.7%				9.7%		9.7%			9.7%
Premium Tax					2.0%				2.0%		2.0%			2.0%
Total Premium Rate					\$ 275.10				\$ 286.88		\$ 286.88			\$ 311.90

Statewide

BHO Non-Priority All Ages														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	13,162,205										13,630,648			13,675,567
Inpatient - FFS	17,133,132	50,672	46	338.12	1.30	1.037	1.023	0.966	1.33	1.006	1.34	1.097	1.001	1.47
Inpatient - RMHI	-	-	-	-	-	1.000	1.000	1.000	-	1.000	-	1.120	1.000	-
Inpatient - TCMC	1,089,899	-	-	-	0.08	1.037	1.023	1.040	0.09	0.990	0.09	1.097	0.999	0.10
OP - Non Methadone	7,499,144	112,971	103	66.38	0.57	1.037	1.011	1.084	0.65	0.997	0.65	1.097	1.000	0.71
OP - Methadone - FFS	1,869,533	8,850	8	211.25	0.14	1.037	1.011	1.000	0.15	0.016	0.00	1.097	1.003	0.00
OP - Methadone - Capitated	470,925	-	-	-	0.04	1.037	1.011	1.000	0.04	0.542	0.02	1.097	1.002	0.02
CMHC	22,809,753	72,083	66	316.44	1.73	1.022	1.000	1.035	1.83	0.999	1.83	1.071	1.000	1.96
Grant Payments	7,765,771	-	-	-	0.59	1.130	1.000	1.000	0.67	0.997	0.66	1.043	1.000	0.69
In-Home Services	1,503,728	1,046	1	1,437.60	0.11	1.037	1.003	1.042	0.12	1.018	0.13	1.097	1.001	0.14
Supported Housing	124,122	427	0	290.68	0.01	1.037	1.006	1.104	0.01	0.983	0.01	1.097	0.999	0.01
23 Hour	11,413	35	0	326.08	0.00	1.037	1.004	1.031	0.00	0.988	0.00	1.097	0.999	0.00
IOP	1,763,259	5,370	5	328.35	0.13	1.037	1.015	1.026	0.14	1.002	0.14	1.097	1.000	0.16
Partial Hospitalization	78,839	149	0	529.12	0.01	1.037	1.011	0.779	0.00	0.994	0.00	1.097	1.000	0.01
Transportation - FFS	1,384,416	20,929	19	66.15	0.11	1.037	1.001	1.074	0.12	0.993	0.12	1.097	1.000	0.13
Transportation - CSA Cap	356,906	-	-	-	0.03	1.037	1.001	1.132	0.03	1.002	0.03	1.097	1.000	0.04
Total	\$ 63,860,839	272,532	248	234.32	\$ 4.85				\$ 5.19		\$ 5.03			\$ 5.44
Admin %						9.7%					9.7%			9.7%
Premium Tax						2.0%					2.0%			2.0%
Total Premium Rate					\$ 5.49				\$ 5.88		\$ 5.70			\$ 6.16

BHO Non-Priority Age 0 - 13														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	5,222,579										5,468,976			5,489,805
Inpatient - FFS	1,842,542	6,002	14	306.99	0.35	1.037	1.023	0.990	0.37	1.000	0.37	1.097	1.000	0.41
Inpatient - RMHI	-	-	-	-	-	1.000	1.000	1.000	-	1.000	-	1.120	1.000	-
Inpatient - TCMC	68,581	-	-	-	0.01	1.037	1.023	1.040	0.01	1.000	0.01	1.097	1.000	0.02
OP - Non Methadone	1,777,793	26,151	60	67.98	0.34	1.037	1.011	1.084	0.39	1.000	0.39	1.097	1.000	0.42
OP - Methadone - FFS	-	-	-	-	-	1.037	1.011	1.000	-	1.000	-	1.097	1.000	-
OP - Methadone - Capitated	64,542	-	-	-	0.01	1.037	1.011	1.000	0.01	1.000	0.01	1.097	1.000	0.01
CMHC	6,640,270	20,918	48	317.44	1.27	1.022	1.000	1.035	1.35	1.000	1.35	1.071	1.000	1.44
Grant Payments	834,442	-	-	-	0.16	1.130	1.000	1.000	0.18	1.000	0.18	1.043	1.000	0.19
In-Home Services	532,226	452	1	1,177.49	0.10	1.037	1.003	1.042	0.11	1.000	0.11	1.097	1.000	0.12
Supported Housing	-	-	-	-	-	1.037	1.006	16.835	-	1.000	-	1.097	1.000	-
23 Hour	-	-	-	-	-	1.037	1.004	1.031	-	1.000	-	1.097	1.000	-
IOP	37,150	128	0	290.24	0.01	1.037	1.015	1.025	0.01	1.000	0.01	1.097	1.000	0.01
Partial Hospitalization	9,446	8	0	1,180.74	0.00	1.037	1.011	1.185	0.00	1.000	0.00	1.097	1.000	0.00
Transportation - FFS	71,270	1,300	3	54.82	0.01	1.037	1.001	1.272	0.02	1.000	0.02	1.097	1.000	0.02
Transportation - CSA Cap	48,915	-	-	-	0.01	1.037	1.001	1.272	0.01	1.000	0.01	1.097	1.000	0.01
Total	\$ 11,927,178	54,959	126	217.02	\$ 2.28				\$ 2.46		\$ 2.46			\$ 2.66
Admin %						9.7%					9.7%			9.7%
Premium Tax						2.0%					2.0%			2.0%
Total Premium Rate					\$ 2.59				\$ 2.79		\$ 2.79			\$ 3.01

Statewide

BHO Non-Priority Age 14 - 18														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	1,500,003										1,587,349			1,595,650
Inpatient - FFS	7,780,422	27,443	220	283.51	5.19	1.037	1.023	0.990	5.45	1.000	5.45	1.097	1.000	5.97
Inpatient - RMHI	-	-	-	-	-	1.000	1.000	1.000	-	1.000	-	1.120	1.000	-
Inpatient - TCMC	177,370	-	-	-	0.12	1.037	1.023	1.040	0.13	1.000	0.13	1.097	1.000	0.14
OP - Non Methadone	1,239,163	17,609	141	70.37	0.83	1.037	1.011	1.084	0.94	1.000	0.94	1.097	1.000	1.03
OP - Methadone - FFS	3,816	2	0	1,908.00	0.00	1.037	1.011	1.000	0.00	1.000	0.00	1.097	1.000	0.00
OP - Methadone - Capitated	166,925	-	-	-	0.11	1.037	1.011	1.000	0.12	1.000	0.12	1.097	1.000	0.13
CMHC	4,238,748	13,740	110	308.50	2.83	1.022	1.000	1.035	2.99	1.000	2.99	1.071	1.000	3.20
Grant Payments	2,158,119	-	-	-	1.44	1.130	1.000	1.000	1.63	1.000	1.63	1.043	1.000	1.69
In-Home Services	969,677	593	5	1,635.21	0.65	1.037	1.003	1.042	0.70	1.000	0.70	1.097	1.000	0.77
Supported Housing	900	1	0	900.00	0.00	1.037	1.006	16.835	0.01	1.000	0.01	1.097	1.000	0.01
23 Hour	-	-	-	-	-	1.037	1.004	1.031	-	1.000	-	1.097	1.000	-
IOP	722,146	2,305	18	313.30	0.48	1.037	1.015	1.025	0.52	1.000	0.52	1.097	1.000	0.57
Partial Hospitalization	7,215	13	0	554.98	0.00	1.037	1.011	1.185	0.01	1.000	0.01	1.097	1.000	0.01
Transportation - FFS	324,293	4,055	32	79.97	0.22	1.037	1.001	1.272	0.29	1.000	0.29	1.097	1.000	0.31
Transportation - CSA Cap	126,510	-	-	-	0.08	1.037	1.001	1.272	0.11	1.000	0.11	1.097	1.000	0.12
Total	\$ 17,915,305	65,761	526	272.43	\$ 11.94				\$ 12.88		\$ 12.88			\$ 13.97
Admin %					9.7%				9.7%		9.7%			9.7%
Premium Tax					2.0%				2.0%		2.0%			2.0%
Total Premium Rate					\$ 13.52				\$ 14.58		\$ 14.58			\$ 15.81

BHO Non-Priority Age 19 - 20														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	473,110										516,681			519,981
Inpatient - FFS	841,208	1,827	46	460.43	1.78	1.037	1.023	0.935	1.76	1.000	1.76	1.097	1.000	1.93
Inpatient - RMHI	-	-	-	-	-	1.000	1.000	1.039	-	1.000	-	1.120	1.000	-
Inpatient - TCMC	19,428	-	-	-	0.04	1.037	1.023	1.040	0.05	1.000	0.05	1.097	1.000	0.05
OP - Non Methadone	212,050	2,866	73	73.99	0.45	1.037	1.011	1.084	0.51	1.000	0.51	1.097	1.000	0.56
OP - Methadone - FFS	24,012	150	4	160.08	0.05	1.037	1.011	1.000	0.05	1.000	0.05	1.097	1.000	0.06
OP - Methadone - Capitated	18,284	-	-	-	0.04	1.037	1.011	1.000	0.04	1.000	0.04	1.097	1.000	0.04
CMHC	493,835	2,013	51	245.37	1.04	1.022	1.000	1.035	1.10	1.000	1.10	1.071	1.000	1.18
Grant Payments	236,391	-	-	-	0.50	1.130	1.000	1.000	0.56	1.000	0.56	1.043	1.000	0.59
In-Home Services	-	-	-	-	-	1.037	1.003	1.050	-	1.000	-	1.097	1.000	-
Supported Housing	4,615	3	0	1,538.33	0.01	1.037	1.006	0.985	0.01	1.000	0.01	1.097	1.000	0.01
23 Hour	1,169	1	0	1,168.75	0.00	1.037	1.004	1.031	0.00	1.000	0.00	1.097	1.000	0.00
IOP	92,692	214	5	433.14	0.20	1.037	1.015	1.026	0.21	1.000	0.21	1.097	1.000	0.23
Partial Hospitalization	6,312	13	0	485.54	0.01	1.037	1.011	0.667	0.01	1.000	0.01	1.097	1.000	0.01
Transportation - FFS	28,230	431	11	65.50	0.06	1.037	1.001	0.992	0.06	1.000	0.06	1.097	1.000	0.07
Transportation - CSA Cap	13,857	-	-	-	0.03	1.037	1.001	0.992	0.03	1.000	0.03	1.097	1.000	0.03
Total	\$ 1,992,083	7,518	191	264.99	\$ 4.21				\$ 4.41		\$ 4.41			\$ 4.77
Admin %					9.7%				9.7%		9.7%			9.7%
Premium Tax					2.0%				2.0%		2.0%			2.0%
Total Premium Rate					\$ 4.77				\$ 4.99		\$ 4.99			\$ 5.40

Statewide

BHO Non-Priority Age 21+														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	5,966,513										6,057,641			6,070,131
Inpatient - FFS	6,668,960	15,400	31	433.05	1.12	1.037	1.023	0.935	1.11	1.000	1.11	1.097	1.000	1.22
Inpatient - RMHI	-	-	-	-	-	1.000	1.000	1.039	-	1.000	-	1.120	1.000	-
Inpatient - TCMC	824,520	-	-	-	0.14	1.037	1.023	1.040	0.15	1.000	0.15	1.097	1.000	0.17
OP - Non Methadone	4,270,138	66,345	133	64.36	0.72	1.037	1.011	1.084	0.81	1.000	0.81	1.097	1.000	0.89
OP - Methadone - FFS	1,841,705	8,698	17	211.74	0.31	1.037	1.011	-	-	1.000	-	1.097	1.000	-
OP - Methadone - Capitated	221,173	-	-	-	0.04	1.037	1.011	-	-	1.000	-	1.097	1.000	-
CMHC	11,436,899	35,412	71	322.96	1.92	1.022	1.000	1.035	2.03	1.000	2.03	1.071	1.000	2.17
Grant Payments	4,536,819	-	-	-	0.76	1.130	1.000	1.000	0.86	1.000	0.86	1.043	1.000	0.90
In-Home Services	1,825	1	0	1,825.00	0.00	1.037	1.003	1.050	0.00	1.000	0.00	1.097	1.000	0.00
Supported Housing	118,607	423	1	280.39	0.02	1.037	1.006	0.985	0.02	1.000	0.02	1.097	1.000	0.02
23 Hour	10,244	34	0	301.29	0.00	1.037	1.004	1.031	0.00	1.000	0.00	1.097	1.000	0.00
IOP	911,270	2,723	5	334.66	0.15	1.037	1.015	1.026	0.16	1.000	0.16	1.097	1.000	0.18
Partial Hospitalization	55,866	115	0	485.79	0.01	1.037	1.011	0.667	0.01	1.000	0.01	1.097	1.000	0.01
Transportation - FFS	960,622	15,143	30	63.44	0.16	1.037	1.001	0.992	0.17	1.000	0.17	1.097	1.000	0.18
Transportation - CSA Cap	167,624	-	-	-	0.03	1.037	1.001	0.992	0.03	1.000	0.03	1.097	1.000	0.03
Total	\$ 32,026,273	144,294	290	221.95	\$ 5.37				\$ 5.35		\$ 5.35			\$ 5.77
Admin %					9.7%				9.7%		9.7%			9.7%
Premium Tax					2.0%				2.0%		2.0%			2.0%
Total Premium Rate					\$ 6.08				\$ 6.06		\$ 6.06			\$ 6.53

TennCare Partners
 FY 2007 Per Capita Cost Development
 Disenrolled Members Per Capita Costs:

Exhibit 17

Statewide

BHO Disenrolled All Ages											
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM
Member Months	1,905,037										480,233
Inpatient - FFS	10,934,711	25,247	159	433.11	5.74	1.037	1.023	0.935	5.69	1.004	5.72
Inpatient - RMHI	10,272,345	11,820	74	869.06	5.39	1.000	1.000	1.039	5.60	1.003	5.62
Inpatient - TCMC	1,070,126	-	-	-	0.56	1.037	1.023	1.040	0.62	1.005	0.62
OP - Non Methadone	3,790,924	47,110	297	80.47	1.99	1.037	1.011	1.084	2.26	1.004	2.27
OP - Methadone - FFS	1,060,882	5,286	33	200.70	0.56	1.037	1.011	1.000	0.58	0.003	0.00
OP - Methadone - Capitated	288,690	-	-	-	0.15	1.037	1.011	1.000	0.16	0.006	0.00
CMHC	19,878,421	119,568	753	166.25	10.43	1.022	1.000	1.035	11.04	1.004	11.08
Grant Payments	5,904,421	-	-	-	3.10	1.130	1.000	1.000	3.50	1.004	3.52
In-Home Services	-	-	-	-	-	1.037	1.003	1.000	-	1.000	-
Supported Housing	1,035,774	1,080	7	959.05	0.54	1.037	1.006	0.985	0.56	1.006	0.56
23 Hour	48,242	79	0	610.66	0.03	1.037	1.004	1.031	0.03	1.006	0.03
IOP	933,304	2,392	15	390.18	0.49	1.037	1.015	1.026	0.53	1.002	0.53
Partial Hospitalization	145,577	170	1	856.34	0.08	1.037	1.011	0.667	0.05	1.002	0.05
Transportation - FFS	1,162,178	18,655	118	62.30	0.61	1.037	1.001	0.992	0.63	1.003	0.63
Transportation - CSA Cap	218,793	-	-	-	0.11	1.037	1.001	0.992	0.12	1.004	0.12
Total	\$ 56,744,386	231,407	1,458	245.21	\$ 29.79				\$ 31.38		\$ 30.75
Admin %					9.7%				9.7%		9.7%
Premium Tax					2.0%				2.0%		2.0%
Total Premium Rate					\$ 33.72				\$ 35.52		\$ 34.81

BHO Disenrolled Age 0 - 13											
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM
Member Months	3										-
Inpatient - FFS	-	-	-	-	-	1.037	1.023	0.990	-	1.000	-
Inpatient - RMHI	-	-	-	-	-	1.000	1.000	1.000	-	1.000	-
Inpatient - TCMC	-	-	-	-	-	1.037	1.023	1.040	-	1.000	-
OP - Non Methadone	-	-	-	-	-	1.037	1.011	1.084	-	1.000	-
OP - Methadone - FFS	-	-	-	-	-	1.037	1.011	1.000	-	1.000	-
OP - Methadone - Capitated	-	-	-	-	-	1.037	1.011	1.000	-	1.000	-
CMHC	-	-	-	-	-	1.022	1.000	1.035	-	1.000	-
Grant Payments	-	-	-	-	-	1.130	1.000	1.000	-	1.000	-
In-Home Services	-	-	-	-	-	1.037	1.003	1.042	-	1.000	-
Supported Housing	-	-	-	-	-	1.037	1.006	16.835	-	1.000	-
23 Hour	-	-	-	-	-	1.037	1.004	1.031	-	1.000	-
IOP	-	-	-	-	-	1.037	1.015	1.025	-	1.000	-
Partial Hospitalization	-	-	-	-	-	1.037	1.011	1.185	-	1.000	-
Transportation - FFS	-	-	-	-	-	1.037	1.001	1.272	-	1.000	-
Transportation - CSA Cap	-	-	-	-	-	1.037	1.001	1.272	-	1.000	-
Total	\$ -	-	-	-	\$ -				\$ -		\$ -
Admin %					9.7%				9.7%		9.7%
Premium Tax					2.0%				2.0%		2.0%
Total Premium Rate					\$ -				\$ -		\$ -

Statewide

BHO Disenrolled Age 14 - 18											
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM
Member Months	352										12
Inpatient - FFS	-	-	-	-	-	1.037	1.023	0.990	-	1.000	-
Inpatient - RMHI	-	-	-	-	-	1.000	1.000	1.000	-	1.000	-
Inpatient - TCMC	1	-	-	-	0.00	1.037	1.023	1.040	0.00	1.000	0.00
OP - Non Methadone	89	2	68	44.65	0.25	1.037	1.011	1.084	0.29	1.000	0.29
OP - Methadone - FFS	-	-	-	-	-	1.037	1.011	1.000	-	1.000	-
OP - Methadone - Capitated	1	-	-	-	0.00	1.037	1.011	1.000	0.00	1.000	0.00
CMHC	5,644	29	972	197.85	16.03	1.022	1.000	1.035	16.96	1.000	16.96
Grant Payments	17	-	-	-	0.05	1.130	1.000	1.000	0.06	1.000	0.06
In-Home Services	-	-	-	-	-	1.037	1.003	1.042	-	1.000	-
Supported Housing	-	-	-	-	-	1.037	1.006	16.835	-	1.000	-
23 Hour	-	-	-	-	-	1.037	1.004	1.031	-	1.000	-
IOP	-	-	-	-	-	1.037	1.015	1.025	-	1.000	-
Partial Hospitalization	-	-	-	-	-	1.037	1.011	1.185	-	1.000	-
Transportation - FFS	-	-	-	-	-	1.037	1.001	1.272	-	1.000	-
Transportation - CSA Cap	1	-	-	-	0.00	1.037	1.001	1.272	0.00	1.000	0.00
Total	\$ 5,754	31	1,040	188.51	\$ 16.34				\$ 17.32		\$ 17.32
Admin %						9.7%			9.7%		9.7%
Premium Tax						2.0%			2.0%		2.0%
Total Premium Rate					\$ 18.50				\$ 19.60		\$ 19.60

BHO Disenrolled Age 19 - 20											
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM
Member Months	43,070										8,311
Inpatient - FFS	81,812	168	47	486.98	1.90	1.037	1.023	0.935	1.88	1.000	1.88
Inpatient - RMHI	118,239	128	36	920.67	2.75	1.000	1.000	1.039	2.85	1.000	2.85
Inpatient - TCMC	2,427	-	-	-	0.06	1.037	1.023	1.040	0.06	1.000	0.06
OP - Non Methadone	31,929	429	120	74.43	0.74	1.037	1.011	1.084	0.84	1.000	0.84
OP - Methadone - FFS	4,541	57	16	79.67	0.11	1.037	1.011	1.000	0.11	1.000	0.11
OP - Methadone - Capitated	2,284	-	-	-	0.05	1.037	1.011	1.000	0.06	1.000	0.06
CMHC	133,739	829	231	161.39	3.11	1.022	1.000	1.035	3.29	1.000	3.29
Grant Payments	29,530	-	-	-	0.69	1.130	1.000	1.000	0.77	1.000	0.77
In-Home Services	-	-	-	-	-	1.037	1.003	1.050	-	1.000	-
Supported Housing	-	-	-	-	-	1.037	1.006	0.985	-	1.000	-
23 Hour	-	-	-	-	-	1.037	1.004	1.031	-	1.000	-
IOP	15,754	46	13	342.49	0.37	1.037	1.015	1.026	0.39	1.000	0.39
Partial Hospitalization	2,364	4	1	590.91	0.05	1.037	1.011	0.667	0.04	1.000	0.04
Transportation - FFS	14,795	60	17	246.58	0.34	1.037	1.001	0.992	0.35	1.000	0.35
Transportation - CSA Cap	1,731	-	-	-	0.04	1.037	1.001	0.992	0.04	1.000	0.04
Total	\$ 439,145	1,721	480	255.15	\$ 10.20				\$ 10.70		\$ 10.70
Admin %						9.7%			9.7%		9.7%
Premium Tax						2.0%			2.0%		2.0%
Total Premium Rate					\$ 11.54				\$ 12.11		\$ 12.11

TennCare Partners
 FY 2007 Per Capita Cost Development
 Disenrolled Members Per Capita Costs:

Statewide

Exhibit 17

BHO Disenrolled Age 21+											
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM
Member Months	1,861,612										471,911
Inpatient - FFS	10,852,899	25,079	162	432.75	5.83	1.037	1.023	0.935	5.78	1.000	5.78
Inpatient - RMHI	10,154,105	11,692	75	868.49	5.45	1.000	1.000	1.039	5.67	1.000	5.67
Inpatient - TCMC	1,067,697	-	-	-	0.57	1.037	1.023	1.040	0.63	1.000	0.63
OP - Non Methadone	3,758,906	46,679	301	80.53	2.02	1.037	1.011	1.084	2.30	1.000	2.30
OP - Methadone - FFS	1,056,341	5,229	34	202.02	0.57	1.037	1.011	-	-	1.000	-
OP - Methadone - Capitated	286,404	-	-	-	0.15	1.037	1.011	-	-	1.000	-
CMHC	19,739,038	118,711	765	166.28	10.60	1.022	1.000	1.035	11.22	1.000	11.22
Grant Payments	5,874,873	-	-	-	3.16	1.130	1.000	1.000	3.57	1.000	3.57
In-Home Services	-	-	-	-	-	1.037	1.003	1.050	-	1.000	-
Supported Housing	1,035,774	1,080	7	959.05	0.56	1.037	1.006	0.985	0.57	1.000	0.57
23 Hour	48,242	79	1	610.66	0.03	1.037	1.004	1.031	0.03	1.000	0.03
IOP	917,549	2,346	15	391.11	0.49	1.037	1.015	1.026	0.53	1.000	0.53
Partial Hospitalization	143,214	166	1	862.73	0.08	1.037	1.011	0.667	0.05	1.000	0.05
Transportation - FFS	1,147,383	18,595	120	61.70	0.62	1.037	1.001	0.992	0.64	1.000	0.64
Transportation - CSA Cap	217,061	-	-	-	0.12	1.037	1.001	0.992	0.12	1.000	0.12
Total	\$ 56,299,487	229,655	1,480	245.15	\$ 30.24				\$ 31.11		\$ 31.11
Admin %					9.7%				9.7%		9.7%
Premium Tax					2.0%				2.0%		2.0%
Total Premium Rate					\$ 34.23				\$ 35.21		\$ 35.21

Statewide

BHO Total All Ages														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	16,097,244										15,140,606			14,712,556
Inpatient - FFS	77,102,462	219,123	163	351.87	4.79	1.037	1.023	0.962	4.89	0.956	4.67	1.097	0.995	5.10
Inpatient - RMHI	56,276,689	58,517	44	961.72	3.50	1.000	1.000	1.035	3.62	0.921	3.33	1.120	0.981	3.66
Inpatient - TCMC	5,522,703	-	-	-	0.34	1.037	1.023	1.038	0.38	0.920	0.35	1.097	0.977	0.37
OP - Non Methadone	20,071,176	272,618	203	73.62	1.25	1.037	1.011	1.069	1.40	0.939	1.31	1.097	0.978	1.41
OP - Methadone - FFS	3,496,983	16,792	13	208.25	0.22	1.037	1.011	1.084	0.25	0.912	0.00	1.097	1.015	0.00
OP - Methadone - Capitated	2,055,880	-	-	-	0.13	1.037	1.011	1.000	0.13	0.416	0.06	1.097	1.035	0.06
CMHC	136,580,373	738,973	551	184.82	8.48	1.022	1.000	1.027	8.91	0.961	8.56	1.071	0.993	9.11
Grant Payments	36,078,020	-	-	-	2.24	1.130	1.000	1.000	2.53	0.941	2.38	1.043	0.987	2.45
In-Home Services	7,830,192	5,144	4	1,522.20	0.49	1.037	1.003	1.023	0.52	1.078	0.56	1.097	1.035	0.63
Supported Housing	12,479,389	12,172	9	1,025.25	0.78	1.037	1.006	1.002	0.81	1.005	0.81	1.097	1.014	0.91
23 Hour	147,723	235	0	628.61	0.01	1.037	1.004	1.031	0.01	0.810	0.01	1.097	0.924	0.01
IOP	5,201,150	16,190	12	321.26	0.32	1.037	1.015	1.024	0.35	0.933	0.33	1.097	0.981	0.35
Partial Hospitalization	574,503	719	1	799.03	0.04	1.037	1.011	0.757	0.03	0.889	0.03	1.097	0.966	0.03
Transportation - FFS	9,367,341	163,891	122	57.16	0.58	1.037	1.001	1.022	0.62	0.984	0.61	1.097	1.002	0.67
Transportation - CSA Cap	1,558,118	-	-	-	0.10	1.037	1.001	1.069	0.11	0.992	0.11	1.097	0.999	0.12
Total	\$ 374,342,704	1,504,374	1,121	248.84	\$ 23.26				\$ 24.55		\$ 23.12			\$ 24.88
Admin %														
Premium Tax														
Total Premium Rate					\$ 26.32				\$ 27.79		\$ 26.17			\$ 28.16

BHO Total Age 0 - 13														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	5,388,737										5,631,894			5,653,599
Inpatient - FFS	9,064,847	33,234	74	272.76	1.68	1.037	1.023	0.990	1.77	1.000	1.77	1.097	1.000	1.94
Inpatient - RMHI	1,607,178	1,493	3	1,076.21	0.30	1.000	1.000	1.000	0.30	1.000	0.30	1.120	1.000	0.33
Inpatient - TCMC	259,842	-	-	-	0.05	1.037	1.023	1.040	0.05	1.000	0.05	1.097	1.000	0.06
OP - Non Methadone	2,941,836	44,841	100	65.61	0.55	1.037	1.011	1.084	0.62	1.000	0.62	1.097	1.000	0.68
OP - Methadone - FFS	-	-	-	-	-	1.037	1.011	1.084	-	1.000	-	1.097	1.000	-
OP - Methadone - Capitated	244,540	-	-	-	0.05	1.037	1.011	1.000	0.05	1.000	0.05	1.097	1.000	0.05
CMHC	26,124,331	124,744	278	209.42	4.85	1.022	1.000	1.035	5.13	1.000	5.13	1.071	1.000	5.50
Grant Payments	3,161,582	-	-	-	0.59	1.130	1.000	1.000	0.66	1.000	0.66	1.043	1.000	0.69
In-Home Services	3,393,075	2,305	5	1,472.05	0.63	1.037	1.003	1.042	0.68	1.000	0.68	1.097	1.000	0.75
Supported Housing	900	1	0	900.00	0.00	1.037	1.006	16.835	0.00	1.000	0.00	1.097	1.000	0.00
23 Hour	-	-	-	-	-	1.037	1.004	1.031	-	1.000	-	1.097	1.000	-
IOP	274,360	1,117	2	245.62	0.05	1.037	1.015	1.025	0.05	1.000	0.05	1.097	1.000	0.06
Partial Hospitalization	56,301	64	0	879.71	0.01	1.037	1.011	1.185	0.01	1.000	0.01	1.097	1.000	0.01
Transportation - FFS	437,039	6,585	15	66.37	0.08	1.037	1.001	1.272	0.11	1.000	0.11	1.097	1.000	0.12
Transportation - CSA Cap	185,333	-	-	-	0.03	1.037	1.001	1.272	0.05	1.000	0.05	1.097	1.000	0.05
Total	\$ 47,751,165	214,384	477	222.74	\$ 8.86				\$ 9.48		\$ 9.48			\$ 10.24
Admin %														
Premium Tax														
Total Premium Rate					\$ 10.03				\$ 10.74		\$ 10.74			\$ 11.59

Statewide

BHO Total Age 14 - 18														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	1,636,297										1,721,131			1,730,378
Inpatient - FFS	24,030,241	87,838	644	273.57	14.69	1.037	1.023	0.990	15.42	1.000	15.42	1.097	1.000	16.91
Inpatient - RMHI	3,616,069	4,264	31	848.04	2.21	1.000	1.000	1.000	2.21	1.000	2.21	1.120	1.000	2.48
Inpatient - TCMC	540,808	-	-	-	0.33	1.037	1.023	1.040	0.36	1.000	0.36	1.097	1.000	0.40
OP - Non Methadone	2,737,030	37,892	278	72.23	1.67	1.037	1.011	1.084	1.90	1.000	1.90	1.097	1.000	2.09
OP - Methadone - FFS	3,816	2	0	1,908.00	0.00	1.037	1.011	1.084	0.00	1.000	0.00	1.097	1.000	0.00
OP - Methadone - Capitated	508,960	-	-	-	0.31	1.037	1.011	1.000	0.33	1.000	0.33	1.097	1.000	0.36
CMHC	14,238,426	67,862	498	209.81	8.70	1.022	1.000	1.035	9.21	1.000	9.21	1.071	1.000	9.86
Grant Payments	6,580,177	-	-	-	4.02	1.130	1.000	1.000	4.54	1.000	4.54	1.043	1.000	4.74
In-Home Services	4,435,292	2,838	21	1,562.82	2.71	1.037	1.003	1.042	2.94	1.000	2.94	1.097	1.000	3.22
Supported Housing	10,892	8	0	1,361.52	0.01	1.037	1.006	16.835	0.12	1.000	0.12	1.097	1.000	0.13
23 Hour	-	-	-	-	-	1.037	1.004	1.031	-	1.000	-	1.097	1.000	-
IOP	1,609,327	5,315	39	302.79	0.98	1.037	1.015	1.025	1.06	1.000	1.06	1.097	1.000	1.16
Partial Hospitalization	43,063	50	0	861.26	0.03	1.037	1.011	1.185	0.03	1.000	0.03	1.097	1.000	0.04
Transportation - FFS	818,763	10,533	77	77.73	0.50	1.037	1.001	1.272	0.66	1.000	0.66	1.097	1.000	0.73
Transportation - CSA Cap	385,733	-	-	-	0.24	1.037	1.001	1.272	0.31	1.000	0.31	1.097	1.000	0.34
Total	\$ 59,558,598	216,602	1,588	274.97	\$ 36.40				\$ 39.10		\$ 39.10			\$ 42.45
Admin %					9.7%				9.7%		9.7%			9.7%
Premium Tax					2.0%				2.0%		2.0%			2.0%
Total Premium Rate					\$ 41.20				\$ 44.26		\$ 44.26			\$ 48.05

BHO Total Age 19 - 20														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	543,042										550,065			545,201
Inpatient - FFS	2,263,163	4,491	99	503.93	4.17	1.037	1.023	0.935	4.13	1.000	4.13	1.097	1.000	4.53
Inpatient - RMHI	2,098,957	1,985	44	1,057.55	3.87	1.000	1.000	1.039	4.02	1.000	4.02	1.120	1.000	4.50
Inpatient - TCMC	53,076	-	-	-	0.10	1.037	1.023	1.040	0.11	1.000	0.11	1.097	1.000	0.12
OP - Non Methadone	525,720	6,157	136	85.39	0.97	1.037	1.011	1.084	1.10	1.000	1.10	1.097	1.000	1.21
OP - Methadone - FFS	42,907	271	6	158.33	0.08	1.037	1.011	1.084	0.09	1.000	0.09	1.097	1.000	0.10
OP - Methadone - Capitated	49,950	-	-	-	0.09	1.037	1.011	1.000	0.10	1.000	0.10	1.097	1.000	0.11
CMHC	2,146,240	11,948	264	179.64	3.95	1.022	1.000	1.035	4.18	1.000	4.18	1.071	1.000	4.48
Grant Payments	645,790	-	-	-	1.19	1.130	1.000	1.000	1.34	1.000	1.34	1.043	1.000	1.40
In-Home Services	-	-	-	-	-	1.037	1.003	1.050	-	1.000	-	1.097	1.000	-
Supported Housing	128,439	74	2	1,735.66	0.24	1.037	1.006	0.985	0.24	1.000	0.24	1.097	1.000	0.27
23 Hour	4,208	5	0	841.50	0.01	1.037	1.004	1.031	0.01	1.000	0.01	1.097	1.000	0.01
IOP	169,685	426	9	398.32	0.31	1.037	1.015	1.026	0.34	1.000	0.34	1.097	1.000	0.37
Partial Hospitalization	18,959	29	1	653.77	0.03	1.037	1.011	0.667	0.02	1.000	0.02	1.097	1.000	0.03
Transportation - FFS	153,387	2,092	46	73.32	0.28	1.037	1.001	0.992	0.29	1.000	0.29	1.097	1.000	0.32
Transportation - CSA Cap	37,856	-	-	-	0.07	1.037	1.001	0.992	0.07	1.000	0.07	1.097	1.000	0.08
Total	\$ 8,338,337	27,477	607	303.46	\$ 15.35				\$ 16.05		\$ 16.05			\$ 17.51
Admin %					9.7%				9.7%		9.7%			9.7%
Premium Tax					2.0%				2.0%		2.0%			2.0%
Total Premium Rate					\$ 17.38				\$ 18.16		\$ 18.16			\$ 19.82

TennCare Partners
 FY 2007 Per Capita Cost Development
 BHO Total Per Capita Costs:

Statewide

Exhibit 18

BHO Total Age 21+														
Service Category	October 2004 through September 2005					Data Adjustment Factors					Capitation Rates			
	Paid Expenditures	Units	Units / 1000	Paid Expenditures / Unit	Paid Expenditures PMPM	Trend To Contract Period	IBNR Completion	MLR Adjustment	PMPM Before Enrollment Impact	Enrollment Impact	FY 2006 PMPM	Trend To FY 2007	Enrollment Impact	FY 2007 PMPM
Member Months	8,529,168										7,237,516			6,783,378
Inpatient - FFS	41,744,211	93,560	132	446.18	4.89	1.037	1.023	0.935	4.86	1.000	4.86	1.097	1.000	5.33
Inpatient - RMHI	48,954,484	50,775	71	964.15	5.74	1.000	1.000	1.039	5.96	1.000	5.96	1.120	1.000	6.68
Inpatient - TCMC	4,668,977	-	-	-	0.55	1.037	1.023	1.040	0.60	1.000	0.60	1.097	1.000	0.66
OP - Non Methadone	13,866,590	183,728	258	75.47	1.63	1.037	1.011	1.084	1.85	1.000	1.85	1.097	1.000	2.03
OP - Methadone - FFS	3,450,261	16,519	23	208.87	0.40	1.037	1.011	-	-	1.000	-	1.097	1.000	-
OP - Methadone - Capitated	1,252,429	-	-	-	0.15	1.037	1.011	-	-	1.000	-	1.097	1.000	-
CMHC	94,071,377	534,419	752	176.03	11.03	1.022	1.000	1.035	11.67	1.000	11.67	1.071	1.000	12.50
Grant Payments	25,690,472	-	-	-	3.01	1.130	1.000	1.000	3.40	1.000	3.40	1.043	1.000	3.55
In-Home Services	1,825	1	0	1,825.00	0.00	1.037	1.003	1.050	0.00	1.000	0.00	1.097	1.000	0.00
Supported Housing	12,339,157	12,089	17	1,020.69	1.45	1.037	1.006	0.985	1.49	1.000	1.49	1.097	1.000	1.63
23 Hour	143,515	230	0	623.98	0.02	1.037	1.004	1.031	0.02	1.000	0.02	1.097	1.000	0.02
IOP	3,147,778	9,332	13	337.31	0.37	1.037	1.015	1.026	0.40	1.000	0.40	1.097	1.000	0.44
Partial Hospitalization	456,180	576	1	791.98	0.05	1.037	1.011	0.667	0.04	1.000	0.04	1.097	1.000	0.04
Transportation - FFS	7,958,152	144,681	204	55.00	0.93	1.037	1.001	0.992	0.96	1.000	0.96	1.097	1.000	1.05
Transportation - CSA Cap	949,196	-	-	-	0.11	1.037	1.001	0.992	0.11	1.000	0.11	1.097	1.000	0.13
Total	\$ 258,694,604	1,045,910	1,472	247.34	\$ 30.33				\$ 31.36		\$ 31.36			\$ 34.05
Admin %									9.7%		9.7%			9.7%
Premium Tax									2.0%		2.0%			2.0%
Total Premium Rate					\$ 34.33				\$ 35.50		\$ 35.50			\$ 38.55

TennCare Partners
 FY 2007 Per Capita Cost Development
 Trend Assumptions

Exhibit 19

Statewide

	Historical Trend	Provider Fee Increase July 1, 2006	Current Trend	Months From Data Period*		Trend Factor	
				Midpoint of 4/1/2005 to FY2006	FY2007	FY2006	FY2007
MH - Inpatient (FFS)	5.0%	2.5%	7.0%	9	21	1.037	1.138
MH - Inpatient (RMHI)	0.0%	12.0%	0.0%	9	21	1.000	1.120
MH - Outpatient	5.0%	2.5%	7.0%	9	21	1.037	1.138
MH - Case Rates	3.0%	4.0%	3.0%	9	21	1.022	1.095
MH - Grants*	17.7%	0.0%	4.3%	9	21	1.130	1.178
MH - In-Home Services	5.0%	2.5%	7.0%	9	21	1.037	1.138
MH - Supported Housing	5.0%	2.5%	7.0%	9	21	1.037	1.138
MH - 23 Hour	5.0%	2.5%	7.0%	9	21	1.037	1.138
MH - Intensive Outpatient	5.0%	2.5%	7.0%	9	21	1.037	1.138
MH - Partial Hospitalization	5.0%	2.5%	7.0%	9	21	1.037	1.138
MH - Transportation	5.0%	2.5%	7.0%	9	21	1.037	1.138

* Grants are a total budgeted amount resulting in implied trends that compensate for disenrollment reductions

Statewide

Total BHO Experience							
Total All Ages							
Service Category	Admin Loads	10/2004 through 9/2005 Incurred		Fiscal Year 2006		Fiscal Year 2007	
		PMPM	Total	PMPM	Total	PMPM	Total
Total							
Member Months			16,097,244		15,140,606		14,712,556
Inpatient - FFS		\$ 4.79	\$ 77,102,462	\$ 4.67	\$ 70,774,238	\$ 5.10	\$ 75,072,976
Inpatient - RMHI		\$ 3.50	\$ 56,276,689	\$ 3.33	\$ 50,464,750	\$ 3.66	\$ 53,889,525
Inpatient - TCMC		\$ 0.34	\$ 5,522,703	\$ 0.35	\$ 5,260,711	\$ 0.37	\$ 5,475,186
OP - Non Methadone		\$ 1.25	\$ 20,071,176	\$ 1.31	\$ 19,860,029	\$ 1.41	\$ 20,693,878
OP - Methadone - FFS		\$ 0.22	\$ 3,496,983	\$ 0.00	\$ 46,699	\$ 0.00	\$ 50,517
OP - Methadone - Capitated		\$ 0.13	\$ 2,055,880	\$ 0.06	\$ 844,236	\$ 0.06	\$ 930,961
CMHC		\$ 8.48	\$ 136,580,373	\$ 8.56	\$ 129,621,657	\$ 9.11	\$ 133,979,958
Grant Payments		\$ 2.24	\$ 36,078,020	\$ 2.38	\$ 36,078,020	\$ 2.45	\$ 36,078,020
In-Home Services		\$ 0.49	\$ 7,830,192	\$ 0.56	\$ 8,454,867	\$ 0.63	\$ 9,328,746
Supported Housing		\$ 0.78	\$ 12,479,389	\$ 0.81	\$ 12,337,162	\$ 0.91	\$ 13,332,363
23 Hour		\$ 0.01	\$ 147,723	\$ 0.01	\$ 120,874	\$ 0.01	\$ 118,981
IOP		\$ 0.32	\$ 5,201,150	\$ 0.33	\$ 4,921,163	\$ 0.35	\$ 5,147,231
Partial Hospitalization		\$ 0.04	\$ 574,503	\$ 0.03	\$ 381,151	\$ 0.03	\$ 392,275
Transportation - FFS		\$ 0.58	\$ 9,367,341	\$ 0.61	\$ 9,202,304	\$ 0.67	\$ 9,824,555
Transportation - CSA Cap		\$ 0.10	\$ 1,558,118	\$ 0.11	\$ 1,615,294	\$ 0.12	\$ 1,719,449
Total		\$ 23.26	\$ 374,342,704	\$ 23.12	\$ 349,983,153	\$ 24.88	\$ 366,034,620
Admin		\$ 2.54	\$ 40,934,464	\$ 2.53	\$ 38,270,741	\$ 2.72	\$ 40,025,973
Premium Tax		\$ 0.53	\$ 8,475,044	\$ 0.52	\$ 7,923,549	\$ 0.56	\$ 8,286,951
Total Premium Rate		\$ 26.32	\$ 423,752,212	\$ 26.17	\$ 396,177,443	\$ 28.16	\$ 414,347,544

Statewide

Total BHO Experience										
Aid Category	Age Group	10/2004 through 9/2005 Incurred			Fiscal Year 2006			Fiscal Year 2007		
		Members	PMPM	Total	Projected	PMPM	Total	Proejcted	PMPM	Total
BHO Priority	Age Under 0 - 13	166,155	\$ 244.06	\$ 40,552,396	162,918	\$ 260.62	\$ 42,459,717	163,795	\$ 281.53	\$ 46,113,585
	Ages 14 - 18	135,942	\$ 346.71	\$ 47,133,279	133,770	\$ 371.71	\$ 49,723,921	134,727	\$ 403.88	\$ 54,413,356
	Ages 19 - 20	26,862	\$ 248.93	\$ 6,686,788	25,073	\$ 259.79	\$ 6,513,784	25,220	\$ 284.23	\$ 7,168,355
	Age 21+	701,043	\$ 275.10	\$ 192,855,835	707,963	\$ 286.88	\$ 203,101,628	713,247	\$ 311.90	\$ 222,460,646
	Total	1,030,002	\$ 278.86	\$ 287,228,298	1,029,724	\$ 293.09	\$ 301,799,050	1,036,989	\$ 318.38	\$ 330,155,942
BHO Non-Priority	Age Under 0 - 13	5,222,579	\$ 2.59	\$ 13,501,447	5,468,976	\$ 2.79	\$ 15,238,876	5,489,805	\$ 3.01	\$ 16,502,635
	Ages 14 - 18	1,500,003	\$ 13.52	\$ 20,279,947	1,587,349	\$ 14.58	\$ 23,150,582	1,595,650	\$ 15.81	\$ 25,226,507
	Ages 19 - 20	473,110	\$ 4.77	\$ 2,255,019	516,681	\$ 4.99	\$ 2,577,372	519,981	\$ 5.40	\$ 2,810,216
	Age 21+	5,966,513	\$ 6.08	\$ 36,253,422	6,057,641	\$ 6.06	\$ 36,694,233	6,070,131	\$ 6.53	\$ 39,652,244
	Total	13,162,205	\$ 5.49	\$ 72,289,834	13,630,648	\$ 5.70	\$ 77,661,063	13,675,567	\$ 6.16	\$ 84,191,602
BHO Disenrolled	Age Under 0 - 13	3	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -
	Ages 14 - 18	352	\$ 18.50	\$ 6,514	12	\$ 19.60	\$ 237	-	\$ 20.21	\$ -
	Ages 19 - 20	43,070	\$ 11.54	\$ 497,108	8,311	\$ 12.11	\$ 100,631	-	\$ 12.59	\$ -
	Age 21+	1,861,612	\$ 34.23	\$ 63,730,458	471,911	\$ 35.21	\$ 16,616,462	-	\$ 36.91	\$ -
	Total	1,905,037	\$ 33.72	\$ 64,234,080	480,233	\$ 34.81	\$ 16,717,330	-	\$ -	\$ -
All Groups	All Ages	16,097,244	\$ 26.32	\$ 423,752,212	15,140,606	\$ 26.17	\$ 396,177,443	14,712,556	\$ 28.16	\$ 414,347,544