

## Vermont ACO Pilot Calculation of Commercial ACO Savings - Year 1 Calculation of Adjusted Expected Medi

ACO Initial Assumptions	(1)	(2)	(3)	(4)	(5) = (1) - (2) - (3) - (4)	(6)
	Full PMPM Exchange Premium	Dental Premium Component	Vision Premium Component	Pharmacy Paid Amounts	Full PMPM Exchange Premium Less Dental, Vision, Pharmacy	Non-Benefit Expenses (Includes Administrative Charges, Taxes, Fees and Contribution to Reserve)
Gold - Blue For You	\$ 411.48	\$ 3.84	\$ 0.59	\$ 60.29	\$ 346.76	\$ 44.00
Silver - Blue For You	\$ 353.28	\$ 2.77	\$ 0.59	\$ 51.61	\$ 298.31	\$ 42.16
Bronze - Blue For You CDHP	\$ 304.92	\$ 1.61	\$ 0.59	\$ 44.43	\$ 258.29	\$ 40.69
Platinum - Deductible	\$ 520.90	\$ 6.43	\$ 0.59	\$ 76.54	\$ 437.34	\$ 47.28
Gold - Deductible	\$ 444.27	\$ 4.58	\$ 0.59	\$ 65.17	\$ 373.93	\$ 44.92
Silver - Deductible	\$ 380.03	\$ 2.77	\$ 0.59	\$ 55.70	\$ 320.97	\$ 42.88
Silver - CDHP	\$ 368.99	\$ 3.28	\$ 0.59	\$ 53.89	\$ 311.23	\$ 42.81
Bronze - Deductible	\$ 321.29	\$ 1.75	\$ 0.59	\$ 46.94	\$ 272.01	\$ 40.96
Bronze - CDHP	\$ 323.86	\$ 2.83	\$ 0.59	\$ 47.11	\$ 273.33	\$ 41.33
Catastrophic	\$ 190.98	\$ 1.61	\$ 0.59	\$ 27.07	\$ 161.71	\$ 37.37
Total						

<sup>[1]</sup> "Other Non ACO" includes expected recoveries and pharmacy rebates

**Note: All figures are illustrative only.**

cal Expense

(7) = (5) - (6)	(8)	(9)	(10)	(11) = (7) - (8) - (9) - (10)	(12)	(13)	(14) = (11)/(12)/(13)
Excluding Non-Benefit Expenses	Other Non-ACO payments <sup>[1]</sup>	Projected Autism Claims	Projected Interplan System Fees	ACO-Based Medical Expense Components PMPM (Paid Basis)	Assumed Paid to Allowed Ratios	Other Plan Level Adj	Medical Expense Component (Allowed Basis)
\$ 302.76	\$ (25.49)	\$ 2.72	\$ 1.69	\$ 323.84	0.81	100.00%	\$ 399.80
\$ 256.15	\$ (25.49)	\$ 2.72	\$ 1.69	\$ 277.23	0.73	95.00%	\$ 399.75
\$ 217.60	\$ (25.49)	\$ 2.72	\$ 1.69	\$ 238.68	0.64	93.00%	\$ 401.01
\$ 390.06	\$ (25.49)	\$ 2.72	\$ 1.69	\$ 411.14	0.92	112.00%	\$ 399.01
\$ 329.01	\$ (25.49)	\$ 2.72	\$ 1.69	\$ 350.09	0.83	105.00%	\$ 401.71
\$ 278.09	\$ (25.49)	\$ 2.72	\$ 1.69	\$ 299.17	0.74	100.00%	\$ 404.28
\$ 268.42	\$ (25.49)	\$ 2.72	\$ 1.69	\$ 289.50	0.75	96.00%	\$ 402.08
\$ 231.05	\$ (25.49)	\$ 2.72	\$ 1.69	\$ 252.13	0.65	97.00%	\$ 399.89
\$ 232.00	\$ (25.49)	\$ 2.72	\$ 1.69	\$ 253.08	0.68	94.00%	\$ 395.93
\$ 124.34	\$ (25.49)	\$ 2.72	\$ 1.69	\$ 145.42	0.58	63.00%	\$ 397.97

(15) = (14)*(13) + (9) + (10)		(16)	(17) = (15) - (16)		(18)	(19)	(20)
Initial Expected Allowed Medical Expense (adjusted for excluded Rx services PMPM, without adjusting for risk)	Adjustment for Projected High-cost Outlier Expense	Expected Allowed Medical Expense (after truncation of outlier claims expense)	Anticipated Member Months for ACO as of June 30, 2014	Weighted Average Allowed Expected Medical Expense PMPM	Expected Medical Claim Paid to Allowed Ratio for High-cost Outliers		
\$ 404.21	\$ 45.42	\$ 358.79	3,405		0.98		
\$ 384.18	\$ 43.22	\$ 340.96	3,378		0.96		
\$ 377.35	\$ 42.25	\$ 335.10	2,844		0.96		
\$ 451.30	\$ 50.83	\$ 400.47	15,558		0.99		
\$ 426.21	\$ 47.95	\$ 378.26	7,974		0.97		
\$ 408.69	\$ 45.80	\$ 362.89	12,409		0.97		
\$ 390.41	\$ 43.98	\$ 346.43	10,616		0.97		
\$ 392.30	\$ 44.20	\$ 348.10	2,495		0.96		
\$ 376.59	\$ 42.68	\$ 333.91	3,971		0.96		
\$ 255.13	\$ 28.70	\$ 226.43	35		0.95		
			62,685	\$ 366.22			

**Adjustments After Considering Year 1 Actual Experience on a Paid Basis  
(to be performed after the end of each year)**

(21) = (14)\*(12)\*(13) + (9)  
+ (10) - (16)\*(20)

Expected Paid Medical Expense PMPM (After Truncation of Outlier Claims and Network Adjustment)	Weighted Average Expected Paid Medical Expense PMPM	Risk Score of Population Reflected in Rates	Risk Score of Actual Enrollees	Risk Adjustment Factor	Risk-adjusted Expected Medical Expense	Actual Member Months for ACO
\$ 283.74		1.00	1.00	1.00	\$ 283.74	3,405
\$ 240.15		1.00	1.00	1.00	\$ 240.15	3,378
\$ 202.53		1.00	1.00	1.00	\$ 202.53	2,844
\$ 365.23		1.00	1.02	1.02	\$ 372.53	15,558
\$ 307.99		1.00	1.01	1.01	\$ 311.07	7,974
\$ 259.15		1.00	1.01	1.01	\$ 261.75	12,409
\$ 251.25		1.00	1.00	1.00	\$ 251.25	10,616
\$ 214.11		1.00	1.01	1.01	\$ 216.25	2,495
\$ 216.52		1.00	1.00	1.00	\$ 216.52	3,971
\$ 122.57		1.00	1.00	1.00	\$ 122.57	35
	<b>\$ 283.53</b>	<b>1</b>				<b>62,685</b>

	Target	
Weighted Average Risk- adjusted Expected Paid Medical Expense PMPM	Relevant CMS Minimum Savings Rate	Weighted Average Risk- adjusted Target Paid Medical Expense PMPM
\$ 286.33	3.00%	\$ 277.74