



UTAH DEPARTMENT OF HEALTH CONTRACT AMENDMENT

PO Box 144003, Salt Lake City, Utah 84114
288 North 1460 West, Salt Lake City, Utah 84116

1601106
Department Log Number

156146
State Contract Number

1. **CONTRACT NAME:** The name of this contract is CHIP - Molina Healthcare of Utah Amendment 2.
2. **CONTRACTING PARTIES:** This contract amendment is between the Utah Department of Health (DEPARTMENT) and MOLINA HEALTHCARE OF UTAH (CONTRACTOR).
3. **PURPOSE OF CONTRACT AMENDMENT:** To update rates effective January 1, 2016.
4. **CHANGES TO CONTRACT:**
 1. Added \$15,000,000 in Federal Funding due to rate increase to get the contract through September 30, 2017.
 2. Updated Rates with an effective date of January 1, 2016

All other conditions and terms in the original contract and previous amendments remain the same.

5. **EFFECTIVE DATE OF AMENDMENT:** This amendment is effective [01/01/2016]
6. **DOCUMENTS INCORPORATED INTO THIS CONTRACT BY REFERENCE BUT NOT ATTACHED:**
 - A. All other governmental laws, regulations, or actions applicable to services provided herein.
 - B. All Assurances and all responses to bids as provided by the CONTRACTOR.
7. This contract, its attachments, and all documents incorporated by reference constitute the entire agreement between the parties and supersedes all prior written or oral agreements between the parties relating to the subject matter of this contract.

156146-2


Contract with Utah Department of Health and MOLINA HEALTHCARE OF UTAH, Log # 1601106


IN WITNESS WHEREOF, the parties enter into this agreement.

CONTRACTOR

STATE

By:  2/22/16
Date
David Patton
President

By:  3/15/2016
Date
Shari A. Watkins, C.P.A.
Director, Office Fiscal Operations

 3/15/16
Date
State Purchasing

CONTRACT RECEIVED AND
PROCESSED BY
DIVISION OF FINANCE

MAR 21 2016

RATES AND RELATED PROVISIONS

1. Premium Rate - \$133.61 Per Member Per Month (PMPM)

2. Contract Year

The Contract Year will be January 1, 2016 to September 30, 2016

Rates may be renegotiated for subsequent contract years. The premium rates listed in Section 1 are effective January 1, 2016 and will continue until changed by contract amendment with a new effective date.

3. 100 % Risk Contract

This contract is a 100% risk contract for the Health Plan with no stop loss or savings/loss sharing provisions with the exception of the contingent funding settlement agreement described in Section 4. The Department shall pay the Health Plan the premium PMPM as described in Section 1. The Health Plan shall bear complete responsibility and risk for all expenditures related to this contract, including but not limited to medical, pharmacy, administration, and any other costs. Accordingly, all savings or losses that result from the difference between premium reimbursements and expenditures shall be handled in accordance with the contingent funding language in Section 4. Any manufacturer rebates on pharmacy utilization will be retained by the Health Plan.

4. Contingent Funding Settlement Agreement

A. Definitions

- 1. Total Expenditures** means the sum of Total Claims Expenditures, the Administrative Fee as defined in this section, and ACA Fees defined in Section 5 below.
- 2. Administrative Fee** means \$13.29 PMPM.
- 3. Total Claims Expenditures** means (1) claims incurred and paid during the Contract Year plus claims incurred during the Contract Year but paid after the Contract Year and (2) an estimate for claims incurred during the Contract Year but not yet paid or reported (IBNR).
- 4. Total Premiums** means the sum of all capitation premium payments paid to the Health Plan by the Department specifically for member months that occurred during the Contract Year.
- 5. Minimum Department Liability** means \$94.40 PMPM.

6. **Maximum Department Liability** means \$133.61 PMPM.
7. **Surplus** means the situation in which the Health Plan will be returning amounts to Department as described in Sections 4.B.2. and 4.B.3. below.

B. Formula for Contingent Funding

1. If Total Expenditures for the Contract Year are greater than the Maximum Department Liability, Section 4 above does NOT apply.
2. If Total Expenditures for the Contract Year are (1) less than the Maximum Department Liability and (2) greater than the Minimum Department Liability, the Health Plan shall return to the Department the difference between Total Premiums paid to the Health Plan and Total Expenditures according to the definitions and dates set forth in Section 4 above.
3. If Total Expenditures for the Contract Year are (1) less than the Maximum Department Liability and (2) less than the Minimum Department Liability, the Health Plan shall return to the Department the difference between Total Premiums paid to the Health Plan and the Minimum Department Liability according to the definitions and dates set forth in this Section 4 above.
4. Notwithstanding the above, if there is a Surplus, the Health Plan will only return the portion of the Surplus that is greater than five hundred thousand dollars (\$500,000), if any, to the Department, with the remaining amount to be held by the Health Plan and carried forward for the contract year beginning October 1, 2016. Any Surplus carried forward and held by the Health Plan for the contract year beginning October 1, 2016 will be included in that year's Maximum Department Liability. If for any reason the Contract terminates between the Health Plan and the Department prior to the end of a contract year, the parties will perform the reconciliation described herein, and any Surplus will be returned to the Department.

Under no circumstances shall the Department have a financial obligation to the Health Plan for premium payments that exceeds the Maximum Department Liability listed above.

C. Timeframe for the Settlement

In approximately the fifth month after the close of the Contract Year, the parties will begin the settlement activities described herein.

5. **ACA Fees**

The Parties acknowledge that for the time period of January 1, 2016 through September 30, 2016 the Premium Rate of \$133.61 PMPM listed in Section 1 above includes ACA Fees of \$3.61 PMPM (“ACA Fees”) for January 1, 2016 through September 30, 2016.