

**ESTIMATED COST OF 1% RATE INCREASE  
FISCAL YEAR 2010-11**

| SERVICE CATEGORY                 | ESTIMATE WITHOUT<br>RATE INCREASE | ADJUSTMENT<br>FACTOR (1) | FULL YEAR COST FOR<br>EACH 1% RATE INCREASE |                         | ASSUMING AUG. 2010 IMPLEMENTATION |                    |  |                     |
|----------------------------------|-----------------------------------|--------------------------|---|-------------------------|-----------------------------------|--------------------|--|---------------------|
|                                  |                                   |                          | TOTAL                                       | STATE                   | 11 MONTH<br>ADJUSTMENT            | PAYMENT<br>LAG (2) | LAGGED COST FOR<br>EACH 1% RATE INCREASE |                     |
|                                  |                                   |                          |   |                         |                                   |                    | TOTAL                                    | STATE               |
| PHYSICIANS                       | \$1,198,857,110                   | 0.9660                   | \$11,580,960                                | \$5,404,800             | 0.9167                            | 0.7844             | \$8,326,900                              | \$3,886,140         |
| OTHER MEDICAL                    | \$2,073,132,670                   | 0.9760                   | \$20,233,770                                | \$9,346,020             | 0.9167                            | 0.8324             | \$15,439,000                             | \$7,131,310         |
| COUNTY OUTPATIENT                | \$85,412,910                      | 0.9600                   | \$819,960                                   | \$382,530               | 0.9167                            | 0.7398             | \$556,090                                | \$259,430           |
| COMMUNITY OUTPATIENT             | \$510,832,310                     | 0.9100                   | \$4,648,570                                 | \$2,117,360             | 0.9167                            | 0.8350             | \$3,558,090                              | \$1,620,660         |
| PHARMACY                         | \$1,731,023,580                   | 0.0793                   | \$1,373,390                                 | \$581,500               | 0.9167                            | 0.9300             | \$1,170,850                              | \$495,740           |
| COUNTY INPATIENT                 | \$864,744,300                     | 1.0000                   | N/A   | N/A                     | 0.9167                            | 0.5865             | N/A                                      | N/A                 |
| COMMUNITY INPATIENT              | \$4,365,915,370                   | 1.0000                   | N/A   | N/A                     | 0.9167                            | 0.7319             | N/A                                      | N/A                 |
| NURSING FACILITIES               | \$4,128,479,380                   | 1.1578                   | \$47,799,120                                | \$21,899,520            | 0.9167                            | 0.8651             | \$37,904,810                             | \$17,366,370        |
| ICF-DD                           | \$439,585,890                     | 1.1578                   | \$5,089,480                                 | \$2,305,940             | 0.9167                            | 0.8999             | \$4,198,380                              | \$1,902,200         |
| MEDICAL TRANSPORTATION           | \$170,001,770                     | 0.9660                   | \$1,642,220                                 | \$770,530               | 0.9167                            | 0.8062             | \$1,213,650                              | \$569,440           |
| OTHER SERVICES                   | \$874,944,700                     | 0.9540                   | \$8,346,970                                 | \$3,151,560             | 0.9167                            | 0.8218             | \$6,287,900                              | \$2,374,120         |
| HOME HEALTH                      | \$192,125,020                     | 0.9800                   | \$1,882,830                                 | \$854,820               | 0.9167                            | 0.8118             | \$1,401,050                              | \$636,090           |
| DENTAL                           | \$563,144,050                     | 0.9990                   | \$5,625,810                                 | \$2,549,440             | 0.9167                            | 1.0000             | \$5,156,990                              | \$2,336,980         |
| MENTAL HEALTH                    | \$1,672,382,830                   | 1.0000                   | N/A   | N/A                     | 0.9167                            | 1.0000             | N/A                                      | N/A                 |
| TWO PLAN MODEL                   | \$4,102,672,820                   | 1.0000                   | \$41,026,730                                | \$17,948,880            | 0.9167                            | 1.0000             | \$37,607,830                             | \$16,453,140        |
| COUNTY ORGANIZED HEALTH SYSTEMS  | \$3,050,271,630                   | 1.0000                   | \$30,502,720                                | \$13,513,460            | 0.9167                            | 1.0000             | \$27,960,820                             | \$12,387,340        |
| GEOGRAPHIC MANAGED CARE          | \$683,834,290                     | 1.0000                   | \$6,838,340                                 | \$2,989,920             | 0.9167                            | 1.0000             | \$6,268,480                              | \$2,740,760         |
| PHP & OTHER MANAG. CARE          | \$260,906,530                     | 1.0000                   | \$2,609,070                                 | \$1,164,960             | 0.9167                            | 1.0000             | \$2,391,640                              | \$1,067,880         |
| AUDITS/ LAWSUITS                 | \$2,870,230                       | 1.0000                   | N/A   | N/A                     | 0.9167                            | 1.0000             | N/A                                      | N/A                 |
| EPSDT SCREENS                    | \$60,724,840                      | 1.0000                   | \$607,250                                   | \$272,510               | 0.9167                            | 1.0000             | \$556,640                                | \$249,800           |
| MEDICARE PAYMENTS (4)            | \$3,940,477,880                   | 1.0000                   | N/A   | N/A                     | 0.9167                            | 1.0000             | N/A                                      | N/A                 |
| STATE HOSP./DEVELOPMENTAL CNTRS. | \$273,986,320                     | 0.9782                   | \$2,680,110                                 | \$0                     | 0.9167                            | 1.0000             | \$2,456,760                              | \$0                 |
| MISC. SERVICES                   | \$4,758,995,400                   | 1.0000                   | \$47,589,950                                | \$228,740               | 0.9167                            | 1.0000             | \$43,624,120                             | \$209,680           |
| RECOVERIES                       | -\$296,527,140                    | 1.0000                   | N/A   | N/A                     | 0.9167                            | 1.0000             | N/A                                      | N/A                 |
| <b>TOTAL</b>                     | <b>\$35,708,794,660</b>           |                          | <b>\$240,897,250</b>                        | <b>\$85,482,480 (3)</b> |                                   |                    | <b>\$206,080,020</b>                     | <b>\$71,687,070</b> |

(1) Reflects adjustment for services not affected by rate increases due to Medicare crossover and unlisted procedures.  
 Adjustment factor for Dental services due primarily to prior year reconciliations.  
 Adjustment factor for SNF & ICF services compensates for the impact of shares of cost on average payments.  
 Adjustment factor for Pharmacy includes an adjustment for the dispensing fee only.

(2) Reflects adjustment for the lag between actual rendering of service and payment for that service.

(3) Excludes service categories noted above with N/A and all policy changes excluded from Cost/Eligible report.

(4) Medicare Payments cost increase included as base adjustment.