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December 10, 2009

Ms. Karen Peed
Minnesota Department of Human Services
540 Cedar Street
St. Paul, MN 55101-2208

Re: Analysis of MNCare Costs by Demographic Rate Cell

Dear Karen:

This letter discusses my analysis of capitation rate relativities by rate cell for the MNCare program. Except for the MNCare G rate cells, the capitation rates for this program are currently determined on a quarterly basis by blending demographic rates, which do not vary by managed care organization (MCO), and risk adjusted rates, which do. (To date, the MNCare G rate cells have been demographic only. In 2010, MNCare B rate cells will also be demographic only.) The relativities in this letter are intended to apply only to the demographic rates and not to the risk adjusted rates.

This letter also describes my analysis of historic claim cost relativities by (1) geographic area, (2) demographic rate cell, and (3) program/eligibility type. For MNCare, demographic rate cells are defined in terms of age and gender and pregnancy status. The rate relativities in this letter were developed based on this analysis.

We recently discussed that there may be significant migration of current GA/MC enrollees into MNCare in the near future due to legislative changes. The factors in this letter do not reflect the impact of this potential migration. I understand that any needed adjustments to reflect this change will be applied separately from the adjustments in this letter.

The purpose of this analysis is to assist the Minnesota Department of Human Services (DHS) with setting demographic payment rates for contracting MCOs. The results may not be appropriate for other purposes. The results contained in this letter are intended only for use by DHS. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

This letter should be reviewed only in its entirety. It assumes the reader is familiar with Minnesota's Medicaid programs and managed care rating principles. The results in this report are technical in nature and are dependent upon specific assumptions and methods. No party should rely upon these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals.

Differences between the estimates in my analysis and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is almost certain that actual

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experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience is different than expected. Accordingly, DHS should continue to carefully monitor actual experience and make adjustments as necessary.

In performing this analysis, I have relied on data and other information provided to me by DHS and the plans with which it contracts. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of this analysis may likewise be inaccurate or incomplete.

I have performed a limited review of the data used directly in my analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of this assignment.

Data Reliance

For this analysis, I relied on the following data and information:

1. Detailed claim and enrollment data by demographic rate cell, geographic area, and program/eligibility type provided by the MCOs that contract with DHS. Data was provided for calendar years 2006, 2007, and 2008.
2. DHS's past rate calculation spreadsheets.
3. Fiscal year 2009 enrollment reports provided by DHS.
4. Calendar year 2008 enrollment reports provided by DHS.
5. Calendar year 2006 enrollment reports provided by DHS including breakouts for Cass, Crow Wing, Morrison, Todd, and Wadena counties.
6. Miscellaneous comments and information provided by DHS and the MCOs.

Recommended Demographic Rate Relativities

My recommended rate relativities by demographic rate, program/eligibility, and geographic area cell are shown in Tables 1, 2, and 3, respectively. The tables show factors developed using MCO experience for each calendar year 2006 through 2008, as well as recommended factors. The recommended factors were developed using experience for 2007 and 2008, along with certain adjustments described below.

Table 1: Rate Relativities by Age and Gender

Rate Cell		Calculated Relative Cost Relativities By Year			Recommended Factors
Age Grp	Gender	2006	2007	2008	
0 - 1	F	1.283	1.464	1.232	1.300
01 - 02	F	0.574	0.395	0.389	0.384
02 - 15	F	0.382	0.360	0.378	0.367
16 - 20	F	0.779	0.687	0.688	0.677
21 - 49	F	1.217	1.251	1.279	1.253
50+	F	1.823	1.713	1.673	1.668
0 - 1	M	1.775	1.878	1.601	1.665
01 - 02	M	0.522	0.598	0.595	0.587
02 - 15	M	0.435	0.415	0.411	0.406
16 - 20	M	0.571	0.603	0.518	0.539
21 - 49	M	0.897	0.956	0.974	0.962
50+	M	1.637	1.568	1.558	1.548
Preg Women	F	3.182	3.244	3.129	3.119

Table 2: Relativities by Program and Eligibility

Program		Calculated Relative Cost Relativities By Year			Recommended Factors
Eligibility	2006	2007	2008		
K,L	All	1.000	1.000	0.999	0.999
F,J	A-2,A-4	0.836	0.844	0.808	0.819
F,J	M-2,M-4	0.902	0.886	0.842	0.854
B	M-1,M-3	0.958	1.019	1.052	1.037
G	MC	1.436	1.271	1.279	1.272

Table 3: Relativities by Geographic Area

Area	Calculated Relative Cost Relativities By Year			Recommended Factors
	2006	2007	2008	
Metro	1.014	1.022	1.028	1.027
Regional	0.991	0.984	0.979	0.980

Exhibit A of this letter shows the impact of using these recommended factors on current (fourth quarter 2009) demographic capitation rates. The capitation rates used to develop the results in Exhibit A are before MCO specific adjustments. In particular, they include provider taxes, which the county-based plans do not pay.

The factors in Tables 1, 2, and 3 include a revenue neutrality adjustment so that, taken together, they are revenue neutral on the fiscal year 2009 membership distribution.

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I am aware of several changes that have occurred over the last few years which have likely contributed to the trends in cost relationships by rate cell as reflected in Tables 1, 2, and 3 above. These include:

- Rebasing of the Medicaid fee-for-service (FFS) fee schedule for inpatient services to the extent that the FFS fee schedule impacts MCO reimbursement rates;
- Changes in Medicare reimbursement to Critical Access Hospitals to the extent Medicare reimbursement levels impact MCO reimbursement levels;
- Other changes in provider reimbursement levels mandated by state law;
- Shifts in the mix of business by plan; and
- Variations in cost trends by service category to the extent the mix of services differs by rate cell. Based on anecdotal evidence, I believe cost levels for certain service categories such as personal care attendant services, dental, and mental health may have been trending higher than average.

Covered benefits and cost sharing have also changed over the years, although, I adjusted the historical data for these changes as described below, to adjust costs to reflect 2009 benefits and cost sharing.

Methodology

I began by calculating the raw average claim cost per member per month (PMPM) by calendar year, geographic area, program/eligibility type, and demographic rate cell. The current areas defined for this product are Metro and Regional (non-Metro). The demographic rate cells for this program are shown in Table 1, above.

The MCOs provided enrollment and estimated aggregate incurred claim cost by calendar year (2006, 2007, and 2008), which I used for this purpose. I asked the MCOs to provide their best estimate (without margin) of total incurred claims by year using the most recent runout available (February 2009 for most MCOs).

I also asked the MCOs to separately report the number and dollar volume of large claims by rate cell so I could consider the impact of large claims on the results. A "large claim" is defined for this study as the total claims for an individual in a calendar year where the total is greater than \$100,000. I examined the impact of large claims on the results and determined no adjustments are needed..

I used the data to calculate PMPM claim costs for calendar years 2006, 2007, and 2008. I adjusted the experience data to reflect benefit changes between 2006 and 2009. Benefit changes between 2006 and 2007 included:

- Adding coverage for the HPV vaccine—the adjustment factors I used are:
 - 1.0067 for females 2-15 in K,L C1,C2;
 - 1.0073 for females 16-20 in K,L C1,C2;
 - 1.0004 for females 21-49 in F,J A2,A4;
 - 1.0005 for females 21-49 in F,J M2,M4;
 - 1.0017 for females 21-49 in BM1 and GMC; and

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- 1.0024 for females 21-49 in BM3.

These factors anticipated a high utilization of this newly offered benefit. I applied a separate set of adjustments to 2008 rates to recognize that utilization would moderate in 2008. These factors are:

- 0.9973 for females 2-15;
- 0.9928 for females 16-20; and
- 0.9983 (eligibility type A2,A4); 0.9976 (eligibility type M2,M4); 0.9996 (eligibility type M1); 0.9995 (eligibility type M3); and 0.9996 (eligibility type MC) for females ages 21-49;
- Adding coverage of certain adult mental health services—the adjustment factor I used is 1.0002 for pregnant women and those aged 16-20;
- Elimination of coverage for remaining infant circumcisions—the adjustment factor I used is 0.9984, and it applies only to infant males; and
- Elimination of co-pays for restorative dental beginning July 1—the adjustment factors I applied are:
 - 1.0060 (eligibility type M2, M4) and 1.0054 (eligibility types M1 and MC) for females 21-49;
 - 1.0064 (eligibility type M2, M4) and 1.0057 (eligibility types M1 and MC) for females 50-64;
 - 1.0044 (eligibility type M2, M4) and 1.0039 (eligibility types M1 and MC) for females 65+;
 - 1.0068 (eligibility type M2, M4) and 1.0063 (eligibility types M1 and MC) for males 21-49;
 - 1.0069 (eligibility type M2, M4) and 1.0062 (eligibility types M1 and MC) for males 50-64;
 - 1.0047 (eligibility type M2, M4) and 1.0042 (eligibility types M1 and MC) for males 65+.

I applied these same adjustment factors again to 2008 rates to reflect that coverage would be effective for the entire year.

Benefit changes between 2007 and 2008 included:

- Adding coverage for the Shingles vaccine—the adjustment factors I used are:
 - 1.0029 for males and females 50-64; and
 - 1.0113 for males and females ages 65+;
- Implementation of the model benefit set for mental health services—the adjustment factors I used are:
 - 1.011 for ages 16-20 and pregnant women; and
 - 1.0019 for ages 21+;
- Adding coverage for halfway house and extended care treatment services starting July 1—the adjustment factor I used is 1.0017 for males and females over age 2. I applied this factor again to 2009 rates to reflect that coverage would be effective for the entire year;
- Restoring coverage of medically necessary circumcisions—the adjustment factor I used is 1.0016, and it applies only to infant males; and
- Removal of the MNCare limited benefit set—the adjustment factor I used is 1.095.

Benefit changes between 2008 and 2009 included:

- Adding coverage for mental health targeted case management services—the adjustment factors I used are:
 - 1.0049 for children ages 2 – 20 and pregnant women; and
 - 1.0038 for males and females over age 20;
- Adding coverage for Rule 5 children’s residential mental health treatment services—the adjustment factor I used is 1.0012 for children ages 2-20; and
- Removing coverage for the room and board portion of chemical dependency costs for stays in freestanding residential treatment centers—the adjustment factor I used is 0.9990 for all rate cells.

All of these factors were developed previously as the benefit changes were introduced, as described in prior letters for prior years.

Since I based my analysis on rate relativities (instead of dollar amounts), I did not adjust for changes that applied to all rate cells, such as trend adjustments.

I also made an adjustment to reflect that dental services were not covered by the MCOs in Cass, Crow Wing, Morrison, Todd, or Wadena counties in 2006 but were covered in 2007 and 2008. This adjustment was developed two years ago, the last time this study was undertaken. To develop the adjustment, I started with fee-for-service dental experience data for calendar years 2002 through 2005 provided to me by DHS last year for another project. I used the experience data for non-disabled enrollees to develop per member per month claim costs by age and gender in the North Central region. I used an annual trend rate of 7.9% to project costs to 2004, 2005, and 2006. This trend factor was based on an analysis of trend in the FFS data, and takes into account benefit changes during this period.

To determine the percentage of enrollees to which the additional cost would apply, I used enrollment reports provided by DHS for calendar year 2006 which included a breakdown of enrollment by region and by county for the five counties listed above. For each demographic rate cell, I determined the percentage of Regional (Non-Metro) enrollment made up by the five counties. For MNCare, the percentages were all below 25%. I then multiplied the adjusted dental claim cost by this percentage to determine the final adjustments to the Regional PMPM claim costs in each calendar year. The impact on the relativities of adding the dental cost was very small.

I then used the adjusted PMPM claim costs to calculate relativities. I first calculated a relativity for each rate cell (demographic, area, and program/eligibility type) in each year, representing the PMPM claim cost of that rate cell relative to the average across all rate cells. A summary of the enrollment and corresponding relativities is included as Exhibit B of this letter.

I chose to use the weighted average relativities from the 2007 and 2008 data to develop my “initial” relativity factors for the purposes of the discussion below. I gave two-thirds weight to the most recent year, 2008, and one-third weight to 2007. I chose not to use the 2006 relativities primarily because of the age of the data and because there have been significant changes in the program

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since that time. (I am not including the actual claim cost data on either an aggregate or PMPM basis to protect the information, which at least some of the MCOs consider proprietary.) Because the BM3 rate cell was discontinued in 2008 and the enrollees moved into the BM1 rate cell, I blended the relativity factors for those two rate cells from the historical data. Note that the relativities shown in Exhibit B-4 reflect this blending.

I then used these initial relativities to calculate demographic, area, and program/eligibility factors in a step-wise fashion. First, I calculated the average relativity for each demographic rate cell using the current enrollment mix by geographic area, demographic rate cell, and program/eligibility type.

The demographic factor for each demographic rate cell was set equal to the ratio of the average relativity for that demographic rate cell to the average across rate cells using the statewide enrollment mix by demographic rate cell. I then adjusted each initial relativity from Exhibit B by dividing by its demographic factor so calculated.

To calculate the averages in the previous two paragraphs, I used fiscal year 2009 enrollment because I believed it was a good proxy for 2010 enrollment. The enrollment figures I used are shown at the top of Exhibit A.

I then used these demographically adjusted relativities to calculate area factors in a similar fashion. I calculated the average adjusted relativity for each area using the fiscal year 2009 enrollment mix by demographic rate cell and program/eligibility type. The area factor was set equal to the ratio of the average relativity factor for that area to the average across areas using the overall enrollment mix by area.

Next, I adjusted the initial table of relativities using both the demographic and area factors. I used these adjusted relativities to calculate program/eligibility factors. I calculated the average adjusted relativity for each program/eligibility type using the fiscal year 2009 enrollment mix by demographic rate cell and area. The program/eligibility factor was set equal to the ratio of the average relativity factor for that program/eligibility type to the average across types using the statewide enrollment mix by type.

Finally, I returned to the initial relativities in Exhibit B. I recalculated each of the demographic, area, and program/eligibility factors in turn by first adjusting the initial relativities using the other two sets of factors and then proceeding as described above. This process was repeated until all three sets of relativity factors ceased to change (which occurred in fairly few iterations).

As part of the process, each new set of factors was normalized to average to 1.000 based on the fiscal year 2009 enrollment mix. After the iterative process was complete, I applied a final revenue neutrality adjustment to the demographic, area, and program/eligibility factors so that taken together they averaged 1.000 over the fiscal year 2009 membership distribution by demographic rate cell, area, and program/eligibility type.





Ms. Karen Peed
December 10, 2009

Karen, please contact me if you have any questions about this letter. You can reach me at [REDACTED] or at [REDACTED].

Sincerely,

A handwritten signature in blue ink that reads "Leigh M. Wachenheim".

Leigh M. Wachenheim, FSA, MAAA
Principal & Consulting Actuary

LMW/mtf

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Exhibit A: Calculation of Percentage Change in Demographic Capitation Rates

Rate Cell	Metro					Regional					Total
	K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1,M-3	G / MC	K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1,M-3	G / MC	All
1. 2008 Enrollment by Rate Cell											
0 - 1	F	3,662					4,196				7,858
01 - 02	F	3,816					4,389				8,205
02 - 15	F	65,585					91,633				157,218
16 - 20	F	24,648					36,529				61,177
21 - 49	F		6,938	64,356	58,478	19,916		11,257	92,170	74,442	345,387
50 +	F		1,308	9,985	38,076	5,885		2,245	13,178	62,117	137,655
0 - 1	M	3,827					4,902				8,729
01 - 02	M	3,885					4,833				8,718
02 - 15	M	68,799					93,754				162,553
16 - 20	M	24,462					35,824				60,286
21 - 49	M		2,839	34,387	64,702	34,723		6,307	61,722	68,705	303,572
50 +	M		925	9,449	26,231	6,656		1,982	13,175	41,086	105,144
Preg Women	F	3,623					5,344				8,967
Total		202,307	12,010	118,177	187,487	67,180	281,404	21,791	180,245	246,350	1,375,469
2. Oct. 2009 DHS Proposed Rates											
0 - 1	F	\$ 604.33					\$ 591.29				\$ 597.37
01 - 02	F	\$ 195.02					\$ 190.79				\$ 192.76
02 - 15	F	\$ 150.37					\$ 147.20				\$ 148.52
16 - 20	F	\$ 294.15					\$ 288.01				\$ 290.49
21 - 49	F		\$ 428.50	\$ 427.83	\$ 466.97	\$ 526.43		\$ 419.61	\$ 419.07	\$ 454.29	\$ 531.16
50 +	F		\$ 677.85	\$ 678.27	\$ 733.77	\$ 706.56		\$ 663.85	\$ 663.78	\$ 711.72	\$ 712.91
0 - 1	M	\$ 740.05					\$ 724.01				\$ 731.04
01 - 02	M	\$ 200.12					\$ 195.84				\$ 197.75
02 - 15	M	\$ 174.39					\$ 170.73				\$ 172.28
16 - 20	M	\$ 221.83					\$ 217.12				\$ 219.03
21 - 49	M		\$ 309.62	\$ 309.80	\$ 340.63	\$ 356.64		\$ 303.22	\$ 303.17	\$ 331.13	\$ 359.85
50 +	M		\$ 605.92	\$ 606.29	\$ 658.93	\$ 657.29		\$ 593.21	\$ 593.16	\$ 641.22	\$ 663.20
Preg Women	F	\$ 1,324.59					\$ 1,300.68				\$ 1,310.34
Total		\$ 226.90	\$ 441.22	\$ 428.91	\$ 504.41	\$ 467.42	\$ 222.31	\$ 426.88	\$ 409.99	\$ 516.03	\$ 470.61
3. 2009 Capitation Rates Recalculated using Average 2009 Capitation Rate and Recommended Adjustment Factors											
0 - 1	F	\$ 512.30					\$ 489.13				\$ 499.93
01 - 02	F	\$ 151.43					\$ 144.58				\$ 147.77
02 - 15	F	\$ 144.44					\$ 137.91				\$ 140.64
16 - 20	F	\$ 266.67					\$ 254.61				\$ 259.46
21 - 49	F		\$ 404.59	\$ 421.50	\$ 511.91	\$ 628.25		\$ 386.29	\$ 402.44	\$ 488.76	\$ 599.84
50 +	F		\$ 538.75	\$ 561.27	\$ 681.66	\$ 836.58		\$ 514.39	\$ 535.89	\$ 650.84	\$ 798.74
0 - 1	M	\$ 656.20					\$ 626.53				\$ 639.54
01 - 02	M	\$ 231.20					\$ 220.74				\$ 225.40
02 - 15	M	\$ 160.17					\$ 152.92				\$ 155.99
16 - 20	M	\$ 212.23					\$ 202.64				\$ 206.53
21 - 49	M		\$ 310.65	\$ 323.63	\$ 393.05	\$ 482.38		\$ 296.60	\$ 309.00	\$ 375.28	\$ 460.56
50 +	M		\$ 500.00	\$ 520.89	\$ 632.63	\$ 776.40		\$ 477.38	\$ 497.34	\$ 604.02	\$ 741.29
Preg Women	F	\$ 1,229.09					\$ 1,173.50				\$ 1,195.96
Total		\$ 210.44	\$ 404.34	\$ 412.78	\$ 522.26	\$ 585.78	\$ 201.24	\$ 381.82	\$ 387.13	\$ 517.20	\$ 558.15

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Exhibit A Cont.: Calculation of Percentage Change in Demographic Capitation Rates												
Rate Cell		Metro					Regional					Total
		K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1,M-3	G / MC	K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1,M-3	G / MC	All
4. Dollar Difference between Recalculated Capitation Rates and Original Capitation Rates												
0 - 1	F	\$ (92.03)					\$ (102.16)					\$ (97.44)
01 - 02	F	\$ (43.59)					\$ (46.20)					\$ (44.99)
02 - 15	F	\$ (5.93)					\$ (9.29)					\$ (7.89)
16 - 20	F	\$ (27.49)					\$ (33.41)					\$ (31.02)
21 - 49	F		\$ (23.91)	\$ (6.33)	\$ 44.94	\$ 101.82		\$ (33.32)	\$ (16.63)	\$ 34.47	\$ 68.67	\$ 17.27
50 +	F		\$ (139.09)	\$ (117.00)	\$ (52.11)	\$ 130.02		\$ (149.46)	\$ (127.89)	\$ (60.88)	\$ 85.83	\$ (57.79)
0 - 1	M	\$ (83.84)					\$ (97.49)					\$ (91.50)
01 - 02	M	\$ 31.08					\$ 24.90					\$ 27.66
02 - 15	M	\$ (14.22)					\$ (17.81)					\$ (16.29)
16 - 20	M	\$ (9.60)					\$ (14.48)					\$ (12.50)
21 - 49	M		\$ 1.03	\$ 13.84	\$ 52.42	\$ 125.74		\$ (6.62)	\$ 5.83	\$ 44.15	\$ 100.71	\$ 48.19
50 +	M		\$ (105.92)	\$ (85.39)	\$ (26.30)	\$ 119.11		\$ (115.82)	\$ (95.82)	\$ (37.20)	\$ 78.08	\$ (32.16)
Preg Women	F	\$ (95.51)					\$ (127.18)					\$ (114.38)
Total		\$ (16.46)	\$ (36.88)	\$ (16.13)	\$ 17.85	\$ 118.37	\$ (21.07)	\$ (45.06)	\$ (22.86)	\$ 1.18	\$ 87.53	\$ 0.00
5. Dollar Difference as a Percentage of Original Capitation Rates												
0 - 1	F	-15.2%					-17.3%					-16.3%
01 - 02	F	-22.4%					-24.2%					-23.3%
02 - 15	F	-3.9%					-6.3%					-5.3%
16 - 20	F	-9.3%					-11.6%					-10.7%
21 - 49	F		-5.6%	-1.5%	9.6%	19.3%		-7.9%	-4.0%	7.6%	12.9%	3.9%
50 +	F		-20.5%	-17.2%	-7.1%	18.4%		-22.5%	-19.3%	-8.6%	12.0%	-8.1%
0 - 1	M	-11.3%					-13.5%					-12.5%
01 - 02	M	15.5%					12.7%					14.0%
02 - 15	M	-8.2%					-10.4%					-9.5%
16 - 20	M	-4.3%					-6.7%					-5.7%
21 - 49	M		0.3%	4.5%	15.4%	35.3%		-2.2%	1.9%	13.3%	28.0%	14.6%
50 +	M		-17.5%	-14.1%	-4.0%	18.1%		-19.5%	-16.2%	-5.8%	11.8%	-5.0%
Preg Women	F	-7.2%					-9.8%					-8.7%
Total		-7.3%	-8.4%	-3.8%	3.5%	25.3%	-9.5%	-10.6%	-5.6%	0.2%	18.6%	0.0%

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Exhibit B: Member Months and Relativity Factors

Table B-1: 2006 Member Months and Claim Cost Relativities by Rate Cell

Rate Cell		Metro						Regional						
		K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1	B / M-3	G / MC	K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1	B / M-3	G / MC	
Member Months														
0 - 1	F	5,689						6,697						
01 - 02	F	5,600						6,796						
02 - 15	F	86,228						121,919						
16 - 20	F	30,421						48,335						
21 - 49	F		17,591	74,251	24,502	26,551	1,715		31,345	107,286	24,708	36,075	2,130	
50 +	F		2,397	8,764	11,322	17,827	535		4,105	12,007	14,678	35,964	777	
0 - 1	M	6,409						7,231						
01 - 02	M	5,953						6,765						
02 - 15	M	89,127						126,311						
16 - 20	M	29,834						47,033						
21 - 49	M		8,845	40,651	26,562	19,282	2,555		19,877	70,165	23,246	23,489	3,076	
50 +	M		1,948	8,948	7,986	10,003	579		4,580	13,096	10,647	18,281	776	
Preg Women	F	6,106						7,702						
Relativity Factors														
0 - 1	F	1.207						1.658						
01 - 02	F	0.659						0.625						
02 - 15	F	0.414						0.434						
16 - 20	F	0.782						0.923						
21 - 49	F		1.224	1.200	1.358	1.121	2.080		1.201	1.259	1.227	1.191	2.208	
50 +	F		1.464	1.996	2.147	2.010	1.942		1.846	1.920	2.046	1.947	1.793	
0 - 1	M	2.452						1.610						
01 - 02	M	0.676						0.503						
02 - 15	M	0.521						0.460						
16 - 20	M	0.661						0.621						
21 - 49	M		0.738	0.896	1.052	0.998	1.493		0.779	0.865	0.960	0.895	1.481	
50 +	M		1.083	1.584	1.924	1.949	2.274		1.358	1.641	1.831	1.709	2.431	
Preg Women	F	3.649						3.476						

Table B-2: 2007 Member Months and Claim Cost Relativities by Rate Cell

Rate Cell		Metro						Regional						
		K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1	B / M-3	G / MC	K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1	B / M-3	G / MC	
Member Months														
0 - 1	F	5,057						5,974						
01 - 02	F	4,533						5,308						
02 - 15	F	72,555						102,454						
16 - 20	F	25,851						40,151						
21 - 49	F		14,400	60,962	23,134	22,019	22,183		25,171	88,631	25,965	32,787	19,544	
50 +	F		2,196	8,158	12,075	16,973	6,578		3,825	11,272	16,945	34,091	6,713	
0 - 1	M	5,526						6,236						
01 - 02	M	4,989						5,824						
02 - 15	M	74,331						106,065						
16 - 20	M	25,190						39,461						
21 - 49	M		6,481	33,128	27,306	15,984	35,230		15,377	58,470	26,735	21,223	29,919	
50 +	M		1,943	7,934	8,930	9,571	7,130		3,595	12,058	13,164	17,810	7,283	
Preg Women	F	4,641						5,894						
Relativity Factors														
0 - 1	F	1.303						1.694						
01 - 02	F	0.433						0.381						
02 - 15	F	0.391						0.353						
16 - 20	F	0.684						0.712						
21 - 49	F		1.060	1.143	1.356	1.108	1.679		1.131	1.188	1.281	1.199	1.640	
50 +	F		1.484	1.669	1.814	1.797	1.906		1.528	1.628	1.783	1.774	1.929	
0 - 1	M	2.491						1.482						
01 - 02	M	0.538						0.673						
02 - 15	M	0.444						0.411						
16 - 20	M	0.692						0.567						
21 - 49	M		0.833	0.764	1.116	0.985	1.340		0.744	0.817	1.068	0.969	1.247	
50 +	M		1.297	1.388	1.853	1.644	1.995		1.405	1.523	1.644	1.543	1.678	
Preg Women	F	3.448						3.221						

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Exhibit B Cont.: Member Months and Relativity Factors

Table B-3: 2008 Member Months and Claim Cost Relativities by Rate Cell

Rate Cell		Metro						Regional						
		K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1	B / M-3	G / MC	K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1	B / M-3	G / MC	
Member Months														
0 - 1	F	4,349						4,299						
01 - 02	F	3,956						4,975						
02 - 15	F	67,542						94,454						
16 - 20	F	24,705						37,657						
21 - 49	F		13,639	57,718	52,563	0	20,973		23,907	82,269	69,008	0	17,523	
50 +	F		2,339	8,609	34,374	0	6,417		4,024	11,298	58,134	0	5,584	
0 - 1	M	4,142						5,176						
01 - 02	M	4,362						5,052						
02 - 15	M	70,337						97,539						
16 - 20	M	24,671						37,136						
21 - 49	M		6,108	31,158	55,894	0	33,960		14,415	55,269	61,835	0	28,652	
50 +	M		1,911	8,152	23,258	0	6,902		3,832	11,599	36,955	0	6,412	
Preg Women	F	4,024						5,495						
Relativity Factors														
0 - 1	F	1.198						1.273						
01 - 02	F	0.354						0.416						
02 - 15	F	0.412						0.354						
16 - 20	F	0.647						0.711						
21 - 49	F		1.031	1.097	1.293	-	1.625		1.094	1.139	1.253	-	1.610	
50 +	F		1.493	1.557	1.795	-	1.852		1.530	1.372	1.730	-	2.011	
0 - 1	M	1.884						1.385						
01 - 02	M	0.682						0.525						
02 - 15	M	0.428						0.399						
16 - 20	M	0.493						0.532						
21 - 49	M		0.734	0.795	1.111	-	1.335		0.675	0.723	1.070	-	1.278	
50 +	M		1.067	1.643	1.770	-	1.903		1.359	1.176	1.559	-	1.835	
Preg Women	F	3.264						3.030						

Table B-4: Member Month Weighted Average Relativity Factor

Rate Cell		Metro						Regional						
		K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1,M-3	B / M-3	G / MC	K,L / All	F,J / A-2,A-4	F,J / M-2,M-4	B / M-1,M-3	B / M-3	G / MC	
0 - 1	F	1.233						1.413						
01 - 02	F	0.381						0.404						
02 - 15	F	0.405						0.354						
16 - 20	F	0.659						0.711						
21 - 49	F		1.041	1.112		1.274	1.643		1.106	1.155		1.247	1.620	
50 +	F		1.490	1.594		1.798	1.870		1.529	1.457		1.746	1.984	
0 - 1	M	2.086						1.417						
01 - 02	M	0.634						0.574						
02 - 15	M	0.433						0.403						
16 - 20	M	0.559						0.544						
21 - 49	M		0.767	0.784		1.097	1.337		0.698	0.754		1.055	1.267	
50 +	M		1.144	1.558		1.762	1.934		1.374	1.291		1.568	1.782	
Preg Women	F	3.325						3.094						

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