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December 7, 2009

Ms. Pam Parker  
Manager, Special Needs Purchasing  
Minnesota Department of Human Services  
540 Cedar Street  
Elmer L. Anderson Human Services Building  
St. Paul, MN 55155-3854

**Re: Comparison of Monthly MnDHO Expenditures Using Rates from October through December 2009 and Calendar Year 2010**

Dear Pam:

At your request, this letter contains projected monthly expenditures for the Minnesota Disability Health Options (MnDHO) program, comparing the change in rates from the October through December 2009 contract period to the calendar year (CY) 2010 contract period. This comparison is based on the contracted rates from these two time periods and December 2009 MnDHO enrollment; thus, the expenditure changes do not consider potential changes in enrollment between the two time periods. The risk scores used with the October through December 2009 rates are the actual fourth quarter 2009 risk scores. The risk scores used with the CY 2010 rates are the estimated first quarter 2010 risk scores.

The October through December 2009 base rates used in this analysis are from Appendix 1 of our August 14, 2009 MnDHO rate memo. The CY 2010 base rates used in this analysis are from Appendix 1 of our November 30, 2009 MnDHO rate memo. The Minnesota Department of Human Services (DHS) provided the December 2009 MnDHO enrollment data, the fourth quarter 2009 risk scores, and the estimated first quarter 2010 risk scores.

Table 1 summarizes the monthly expenditure comparison results in total and by Medicaid Only vs Dual eligibility status using rates and risk scores for CY 2010 and October through December 2009.

**Table 1  
MnDHO  
Comparison of Projected Monthly Expenditures  
Using Calendar Year 2010 Rates and October through December 2009 Rates  
Assuming December 2009 MnDHO Enrollment**

Eligibility Status	Using Rates and Estimated Risk Scores for CY 2010	Using Rates and Risk Scores from October through December 2009	Dollar Change	Percentage Change
Total	\$7,250,688	\$7,153,682	\$97,007	1.4%
Dual Eligible	3,477,277	3,471,019	6,257	0.2%
Medicaid Only	3,773,412	3,682,662	90,749	2.5%

Attachment 1 contains detailed comparisons by rate cells of the information contained in Table 1. This comparison only includes Medical Assistance program expenditures and excludes payments from Medicare.

This material assumes that the reader is familiar with Minnesota's Medicaid long term care and acute care programs, their benefits, eligibility, administration and other factors. The material was prepared solely to provide assistance to the Minnesota Department of Human Services in setting rates for the MnDHO program. It may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. This material should only be reviewed in its entirety.

## CAVEATS AND LIMITATIONS

The results presented in this letter are estimates only based on December 2009 MnDHO enrollment and estimated first quarter 2010 risk scores. Actual expenditures will vary from these estimates and will reflect actual 2010 enrollment in and risk scores for the MnDHO program.

We relied on data and information supplied to us by DHS, including the December 2009 MnDHO enrollment and estimated first quarter 2010 risk scores, in the calculation of the expenditures underlying this comparison. We have not audited or attempted any independent verification of such data, but reviewed it for reasonableness and consistency where possible. If the underlying data is inaccurate or incorrect, the results of our analysis would also be inaccurate.

This letter was prepared specifically for DHS to review a comparison of estimated monthly MnDHO expenditures from October through December 2009 and CY 2010 and may not be appropriate for other circumstances. Consequently, this information should not be shared with the participating health plans without our consent. This letter should only be viewed in its entirety. This letter assumes the reader is knowledgeable about the MnDHO program and rate setting. We understand that you will be sharing this information with CMS.

This letter and its use are subject to the terms of the contract between Milliman and DHS effective July 1, 2009.

Pam, please call me at [REDACTED] if you have any questions.

Sincerely,



Eric P. Goetsch, FSA  
Principal and Consulting Actuary

EPG/zh

Attachment

**Attachment 1**

**MnDHO**

**Comparison of Projected Monthly Expenditures**

Using CY 2010 Rates with Estimated 1Q 2010 Risk Scores and 4Q 2009 Rates with Actual 4Q 2009 Risk Scores

Assuming December 2009 MnDHO Enrollment

Dual Eligibles																					
Population		Average Monthly Expenditures Using Jan - Dec 2010 Rates					Average Monthly Expenditures Using Oct - Dec 2009 Rates					Monthly Expenditure Dollar Change					Monthly Expenditure Percentage Change				
		Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total	Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total	Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total	Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total
TBI-NF	Diversion	\$33,350	\$211,130	\$3,996	\$445	\$248,920	\$32,313	\$205,230	\$3,919	\$373	\$241,836	\$1,036	\$5,899	\$77	\$72	\$7,084	3.2%	2.9%	2.0%	19.3%	2.9%
TBI-NF	Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	
TBI-NB	Diversion	2,633	41,177	315	35	44,160	2,551	39,796	309	29	42,686	82	1,381	6	6	1,474	3.2%	3.5%	2.0%	19.3%	3.5%
TBI-NB	Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	
CADI	Diversion	420,381	2,422,523	50,372	5,604	2,898,880	407,316	2,430,316	49,404	4,699	2,891,735	13,064	(7,793)	968	905	7,145	3.2%	-0.3%	2.0%	19.3%	0.2%
CADI	Conversion	7,899	45,517	0	105	53,521	7,653	45,664	0	88	53,405	245	(146)	0	17	116	3.2%	-0.3%	0.0%	19.3%	0.2%
HC		41,248	108,242	4,943	550	154,982	39,966	122,056	4,848	461	167,331	1,282	(13,814)	95	89	(12,349)	3.2%	-11.3%	2.0%	19.3%	-7.4%
NF		28,746	0	0	332	29,078	27,510	0	0	27,788	1,236	0	0	54	1,290	4.5%	0.0%	0.0%	19.3%	4.6%	
Other Community		42,126	0	5,048	562	47,735	40,817	0	4,951	47,168	1,309	0	97	91	1,497	3.2%	0.0%	2.0%	19.3%	3.2%	
<b>Total</b>		<b>\$576,382</b>	<b>\$2,828,588</b>	<b>\$64,673</b>	<b>\$7,633</b>	<b>\$3,477,277</b>	<b>\$558,127</b>	<b>\$2,843,062</b>	<b>\$63,431</b>	<b>\$6,400</b>	<b>\$3,471,019</b>	<b>\$18,255</b>	<b>(\$14,474)</b>	<b>\$1,242</b>	<b>\$1,233</b>	<b>\$6,257</b>	<b>3.3%</b>	<b>-0.5%</b>	<b>2.0%</b>	<b>19.3%</b>	<b>0.2%</b>

Single Eligibles																					
Population		Average Monthly Expenditures Using Jan - Dec 2010 Rates					Average Monthly Expenditures Using Oct - Dec 2009 Rates					Monthly Expenditure Dollar Change					Monthly Expenditure Percentage Change				
		Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total	Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total	Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total	Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total
TBI-NF	Diversion	\$33,780	\$66,503	\$901	\$135	\$101,320	\$31,990	\$64,645	\$885	\$113	\$97,633	\$1,790	\$1,858	\$17	\$22	\$3,687	5.6%	2.9%	1.9%	19.3%	3.8%
TBI-NF	Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	
TBI-NB	Diversion	11,260	44,247	300	45	55,833	10,663	42,764	295	38	53,760	597	1,483	6	7	2,093	5.6%	3.5%	1.9%	19.3%	3.9%
TBI-NB	Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	
CADI	Diversion	940,212	1,446,784	25,090	3,761	2,415,847	890,390	1,451,438	24,626	3,153	2,369,607	49,821	(4,654)	464	608	46,240	5.6%	-0.3%	1.9%	19.3%	2.0%
CADI	Conversion	30,965	47,649	0	124	78,738	29,324	47,802	0	104	77,230	1,641	(153)	0	20	1,508	5.6%	-0.3%	0.0%	19.3%	2.0%
HC		419,436	343,149	11,193	1,678	775,456	397,210	347,677	10,986	1,407	757,280	22,226	(4,528)	207	271	18,176	5.6%	-1.3%	1.9%	19.3%	2.4%
NF		137,076	0	0	223	137,299	129,036	0	0	187	129,223	8,040	0	0	36	8,076	6.2%	0.0%	0.0%	19.3%	6.2%
Other Community		202,680	0	5,409	811	208,900	191,940	0	5,309	680	197,929	10,740	0	100	131	10,971	5.6%	0.0%	1.9%	19.3%	5.5%
<b>Total</b>		<b>\$1,775,409</b>	<b>\$1,948,333</b>	<b>\$42,894</b>	<b>\$6,776</b>	<b>\$3,773,412</b>	<b>\$1,680,555</b>	<b>\$1,954,326</b>	<b>\$42,100</b>	<b>\$5,681</b>	<b>\$3,682,662</b>	<b>\$94,854</b>	<b>(\$5,994)</b>	<b>\$794</b>	<b>\$1,095</b>	<b>\$90,749</b>	<b>5.6%</b>	<b>-0.3%</b>	<b>1.9%</b>	<b>19.3%</b>	<b>2.5%</b>

Total Eligibles																					
Population		Average Monthly Expenditures Using Jan - Dec 2010 Rates					Average Monthly Expenditures Using Oct - Dec 2009 Rates					Monthly Expenditure Dollar Change					Monthly Expenditure Percentage Change				
		Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total	Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total	Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total	Total Acute	Total LTC	NF Add-On	MH-TCM	Overall Total
TBI-NF	Diversion	\$67,130	\$277,633	\$4,898	\$580	\$350,240	\$64,303	\$269,875	\$4,804	\$486	\$339,469	\$2,826	\$7,758	\$93	\$94	\$10,771	4.4%	2.9%	1.9%	19.3%	3.2%
TBI-NF	Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	
TBI-NB	Diversion	13,893	85,424	616	80	100,013	13,214	82,560	604	67	96,446	678	2,864	12	13	3,567	5.1%	3.5%	1.9%	19.3%	3.7%
TBI-NB	Conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	
CADI	Diversion	1,360,593	3,869,307	75,462	9,365	5,314,727	1,297,707	3,881,754	74,030	7,852	5,261,343	62,886	(12,447)	1,432	1,513	53,384	4.8%	-0.3%	1.9%	19.3%	1.0%
CADI	Conversion	38,864	93,166	0	229	132,259	36,977	93,465	0	192	130,635	1,886	(300)	0	37	1,624	5.1%	-0.3%	0.0%	19.3%	1.2%
HC		460,684	451,391	16,135	2,228	930,438	437,176	469,734	15,833	1,868	924,611	23,508	(18,343)	302	360	5,827	5.4%	-3.9%	1.9%	19.3%	0.6%
NF		165,822	0	0	555	166,377	156,546	0	0	466	157,011	9,276	0	0	90	9,366	5.9%	0.0%	0.0%	19.3%	6.0%
Other Community		244,806	0	10,456	1,372	256,635	232,757	0	10,259	1,151	244,167	12,049	0	197	222	12,468	5.2%	0.0%	1.9%	19.3%	5.1%
<b>Total</b>		<b>\$2,351,791</b>	<b>\$4,776,921</b>	<b>\$107,567</b>	<b>\$14,410</b>	<b>\$7,250,688</b>	<b>\$2,238,681</b>	<b>\$4,797,388</b>	<b>\$105,531</b>	<b>\$12,081</b>	<b>\$7,153,682</b>	<b>\$113,110</b>	<b>(\$20,467)</b>	<b>\$2,036</b>	<b>\$2,329</b>	<b>\$97,007</b>	<b>5.1%</b>	<b>-0.4%</b>	<b>1.9%</b>	<b>19.3%</b>	<b>1.4%</b>

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