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November 14, 2007

Mr. R. Jason Wiley  
Managed Care Rate Setter  
Minnesota Department of Human Services  
540 Cedar Street  
St. Paul, MN 55101-2208

**Re: Analysis of PMAP Costs by Demographic Rate Cell -- Seniors**

Dear Jason:

This letter discusses my recommended capitation rate relativities by rate cell for the PMAP Seniors program. This letter also describes my analysis of historic claim cost relativities by (1) geographic area and (2) demographic rate cell. For PMAP Seniors, demographic rate cells are defined in terms of age, gender and institutional status. The recommended rate relativities were developed based on this analysis. A small number of seniors are not also covered by Medicare. The capitation rate for those seniors includes a risk adjusted component in addition to a demographic component—the relativities in this letter are intended to apply only to the demographic component.

Based on discussions with DHS, I understand that no muting adjustment to the area factors is needed in order to comply with Minnesota Statute 256B.69, Subd. 5b, which states that "...capitation rates for nonmetropolitan counties shall on a weighted average be no less than 87 percent of the capitation rates for metropolitan counties, excluding Hennepin County." This is because DHS has determined that compliance may be tested across all PMAP and PGAMC rate cells.

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.

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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 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 & Discussion**

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

1. Detailed claim and enrollment data by demographic rate cell and geographic area provided by the MCOs that contract with DHS. Data was provided for calendar years 2004, 2005, and 2006.
2. DHS's past rate calculation spreadsheets.
3. Calendar year 2005 and 2006 enrollment reports provided by DHS including breakouts for Cass, Crow Wing, Morrison, Todd, and Wadena counties.
4. Miscellaneous comments and information provided by DHS and the MCOs.

I also used the results of a prior demographic rate cell study I completed in October 2005. In that analysis I developed new demographic and area factors to take into account the introduction of Part D in 2006.

I was not able to use data from MHP, PrimeWest, or SouthCountry in my analysis of the PMAP Seniors, since these MCOs reported experience including MSHO enrollees, including both Medicaid dollars and Medicare dollars.

#### **Recommended Demographic Rate Relativities**

My recommended rate relativities by demographic rate cell are shown in Table 1. Relativities by geographic area cell are shown in Table 2, along with recommended area factors adjusted for MERC. These factors were developed using the experience data submitted by the MCOs with certain adjustments described below, along with the results of my prior study.

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**Table 1: Recommended Relativities by Demographic Rate Cell**

Rate Cell			Recommended Factor
AGED INSTITUTIONALIZED	65 - 74	F	0.831
	75 - 84	F	0.578
	85 +	F	0.405
	All Ages - Non MC	F	3.681
	65 - 74	M	0.816
	75 - 84	M	0.643
	85 +	M	0.531
	All Ages - Non MC	M	3.681
AGED NON-INSTITUTIONALIZED	65 - 74	F	1.000
	75 +	F	1.195
	All Ages - Non MC	F	2.803
	65 - 74	M	0.916
	75 +	M	1.284
	All Ages - Non MC	M	2.641

**Table 2: Relativities by Area and MERC Adjustments**

Area	Area Factor	MERC Adjusted Area Factors
Hennepin	1.205	1.246
Ramsey	1.500	1.484
Core Metro	1.070	1.058
Greater Metro (Sherburne & Wright)	1.070	1.053
North East	0.643	0.633
North Central	0.816	0.804
Carver	0.796	0.788
South West excl. Carver	0.796	0.784
Olmsted /South East	0.765	0.754

Exhibits A.1 and A.2 of this letter show the impact that using these factors would have on current (contract year 2007) demographic capitation rates with and without MERC, respectively. The capitation rates used to develop the results in Exhibits A.1 and A.2 are before MCO specific adjustments.

The factors in Tables 1 and 2 include a revenue neutrality adjustment so that, taken together, they are revenue neutral on the calendar year 2006 membership distribution including MSHO. However, please note that the MERC adjustment is not revenue neutral. For

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example, if area factors increased in an area with a higher than average MERC percentage, overall payments including MERC would be higher.

### Methodology

The factors above are largely a function of historic variations in cost by demographic rate cell and area. This analysis was particularly challenging due to two significant changes which have occurred since 2005. First, when Medicare Part D became effective in 2006, coverage for most prescription drugs ceased to be provided through the state Medicaid program. This means that experience data provided by the MCOs from 2004 and 2005 is not very useful for developing demographic and area factors unless it is first adjusted to remove expenses associated with Part D drugs. Second, beginning in 2006, the majority of seniors were moved into the Minnesota Senior Health Options (MSHO) program which provides integrated coverage for Medicare and Medicaid benefits. Most plans were not able to segregate their Medicaid experience from their Medicare experience for seniors in that program at the time data for this study was collected. This means that I was left with 2006 experience only for about a third of all senior managed care enrollees.

My solution was to use results from the analysis I performed in 2005 along with the more recent experience provided by the MCOs to develop factors for 2008. I began by calculating the raw average claim cost per member per month (PMPM) by calendar year, geographic area, and demographic rate cell. The current areas defined for this product include: Hennepin, Ramsey, Greater Metro, North East, North Central, South West, and South East (including Olmsted). The current area definitions were established in 2004 and are not being revised for 2008.

In Table 2, I have displayed Carver county separately from the rest of the South West region, and I have also split the Greater Metro region into two pieces: Sherburne and Wright counties (called Greater Metro in Table 2) and Core Metro. I have displayed these subregions separately in Table 2 because the MERC percentages differ between these subregions and therefore the MERC adjusted area factors differ by subregion. The area factors before the MERC adjustment do not vary by subregion, however. 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 (2004, 2005, and 2006), 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 or March 2007 for most MCOs). I also asked the MCOs to provide incurred claim estimates assuming \$100,000 and \$250,000 individual stop loss limits were in place so that I could examine the impact of large claims on the results. I examined the likely impact on the results of applying stop loss limits and determined no adjustments were warranted. In doing so, I took into consideration credibility (measured in member months) and variations in the relative cost factors when the claim limit was changed.

I used the data to calculate PMPM claim costs for calendar years 2004, 2005, and 2006. I adjusted the experience data to reflect benefit changes in this period. Since I based my

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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 made no adjustments for benefit changes between 2004 and 2005 or between 2006 and 2007. I did make small adjustments to the non-Medicare rate cells for benefit changes between 2005 and 2006. These changes included an adjustment of 0.9987 for the elimination of coverage for ED drugs and an adjustment of 1.0012 for a reduction in drug copays. The factors were developed previously as the benefit changes were introduced, as described in prior letters in prior years.

I then further adjusted the 2004 and 2005 experience data by applying a factor intended to carve out the portion of cost related to Part D benefits. I used experience data provided by the MCOs for the 2005 study to derive these factors. For that study, the MCOs segmented their experience data into experience for Part D benefits and experience for other benefits. I trended the 2004 data provided for that study forward to 2005, using the separate trend rates for Part D experience and other experience from the study. I then used the trended costs to determine what percentage of total cost was estimated to be for other than Part D benefits for each rate cell. The percentages are shown in Table 3.

**Table 3: Percentage of Cost Estimated to be for Non-Part D Benefits in 2004 and 2005**

Rate Cell			Hennepin	Ramsey	Greater Metro	North East	North Central	South West	Olmsted /South East	Total
65 - 74	F	Instit	63.2%	58.6%	53.8%	62.7%	60.9%	62.4%	63.5%	61.3%
75 - 84	F	Instit	68.0%	64.3%	61.1%	68.8%	67.4%	65.6%	63.6%	65.9%
85 +	F	Instit	65.6%	64.6%	65.4%	71.1%	66.3%	64.5%	65.2%	66.1%
65 - 74	M	Instit	60.9%	59.2%	66.3%	59.5%	55.9%	55.4%	57.4%	58.9%
75 - 84	M	Instit	59.8%	62.1%	59.4%	65.7%	62.1%	64.7%	60.2%	62.0%
85 +	M	Instit	62.1%	66.0%	66.1%	68.0%	62.9%	57.0%	62.6%	62.6%
65 - 74	F	Non-Inst	31.2%	29.1%	40.1%	56.8%	51.3%	45.3%	50.4%	39.8%
75 +	F	Non-Inst	23.6%	20.6%	33.1%	44.5%	41.9%	39.2%	41.4%	33.0%
65 - 74	M	Non-Inst	32.1%	24.0%	31.5%	50.0%	44.2%	44.7%	49.2%	35.6%
75 +	M	Non-Inst	22.2%	16.5%	28.3%	49.8%	38.3%	32.6%	39.3%	28.5%
Total			34.3%	31.3%	42.5%	59.2%	53.3%	49.8%	52.5%	44.6%

The overall average percentage (Total Column) is the Part D carve out recommended in my earlier study. I applied these percentages to the 2004 and 2005 data provided for this study to estimate what claim costs would have been in those years had Part D been in place. I also examined what the carve out would have been had I used the untrended 2003 and 2004 experience and found that, as a rule, it did not vary significantly from the values shown in Table 3.

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 2004, 2005, or 2006, but will be in 2008. To do so, 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

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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 years 2005 and 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 North Central region enrollment made up by the five counties. For PMAP seniors, the percentages varied from 2% to 33% depending on the demographic cell. (As discussed below, I combined the experience for male and female non-Medicare institutional enrollees). I then multiplied the adjusted dental claim cost by this percentage to determine the final adjustments to the PMPM claim costs for the North Central region in each calendar year.

The combined impact on the relativities of adding the dental cost and of the Part D carve-out reversal between the North East and North Central regions was relatively small.

I have not made any adjustments to the historic experience data to reflect other changes. In particular, I have not adjusted for the recent rebasing of hospital FFS rate levels or the emergence of critical access hospitals, which receive a reimbursement differential from Medicare. While I could consider adjustments for these changes, the extent to which either of them has a major impact on the average costs actually incurred by the MCOs is not clear since the MCOs negotiate separately with the hospitals and are not required to pay Medicaid or Medicare FFS rates. The extent to which the changes would impact cost relativities by rate cell is even less clear.

I then used the adjusted PMPM claim costs to calculate relativities. I first calculated the relativity for each rate cell (demographic and area) 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. These were my "initial" relativity factors for the purposes of the discussion below. (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.)

I then used these initial relativities to calculate preliminary demographic and area factors in a step-wise fashion. (Before proceeding, I combined the experience for male and female non-Medicare institutional enrollees, given their very low enrollment.) First, I calculated the average relativity for each demographic rate cell using the 2006 enrollment mix by geographic area and demographic rate cell.

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.

I used calendar year 2006 enrollment data including MSHO enrollees obtained from a DHS enrollment report to calculate the averages in the previous two paragraphs.

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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 calendar year enrollment mix by demographic rate cell. The area factor was set equal to the ratio of the average relativity factor for that area to the average across areas using the statewide enrollment mix by area. I continued this process, adjusting the initial table of relativities using the demographic and area factors in turn. Each set of adjusted relativities was used as a starting point to create another set of factors and this process was repeated until the relativity factors ceased to change (which occurred in fairly few iterations).

Using this process, I generated a set of factors for each calendar year (2004, 2005, and 2006) and for 2004 & 2005 together, using the enrollment weighted average of the 2004 and 2005 relativities as a starting point. I then calculated credibility weighted factors using CMS's credibility guideline for Medicare Advantage bids. In most cases, I calculated credibility as the square root of the number of member months in calendar year 2006 divided by 24,000. For example, if there were 6,000 member months in a particular demographic cell in 2006, I gave the 2006 results 50% weight. I gave the remaining weight to the combined 2004 & 2005 results. While other credibility guidelines could be used, I noted that the 2006 and 2004 & 2005 results are not drastically different in most cases.

In the few cases where neither 2006 nor the combination of 2004 & 2005 had at least 24,000 member months, I simply calculated the member month weighted average using the two sets of results (2006 and the combined 2004 & 2005 results). I also renormalized the factors to average to 1.000, using 2006 enrollment. The factors for each calendar year and the credibility weighting are shown in Tables 4 and 5.

Table 4: Credibility Weighted Demographic Factors

Rate Cell			2004	2005	2004 and 2005	2006	Credibility Weighted	Renorm. Cred. Wt.
65 - 74	F	Instit	0.870	0.828	0.849	0.853	0.849	0.842
75 - 84	F	Instit	0.575	0.572	0.570	0.601	0.591	0.586
85 +	F	Instit	0.419	0.409	0.413	0.415	0.415	0.411
All Ages - Non MC	F	Instit	3.200	3.608	3.533	4.181	3.764	3.729
65 - 74	M	Instit	0.845	0.825	0.825	0.878	0.835	0.827
75 - 84	M	Instit	0.684	0.705	0.690	0.623	0.658	0.652
85 +	M	Instit	0.559	0.548	0.547	0.539	0.543	0.538
All Ages - Non MC	M	Instit	3.200	3.608	3.533	4.181	3.764	3.729
65 - 74	F	Non-Inst	0.949	0.973	0.968	1.023	1.023	1.013
75 +	F	Non-Inst	1.228	1.204	1.213	1.222	1.222	1.210
All Ages - Non MC	F	Non-Inst	3.084	3.060	3.063	2.523	2.867	2.840
65 - 74	M	Non-Inst	0.938	0.932	0.934	0.937	0.936	0.928
75 +	M	Non-Inst	1.252	1.284	1.276	1.323	1.313	1.301
All Ages - Non MC	M	Non-Inst	2.670	2.816	2.749	2.621	2.701	2.675

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**Table 5: Credibility Weighted Geographic Area Factors**

Area	2004	2005	2004 and 2005	2006	Credibility Weighted	Renorm. Cred. Wtd.
Hennepin	1.325	1.305	1.313	1.223	1.223	1.220
Ramsey	1.489	1.493	1.488	1.523	1.523	1.520
Greater Metro	1.064	1.060	1.059	1.086	1.086	1.084
North East	0.677	0.682	0.677	0.636	0.652	0.651
North Central	0.785	0.771	0.783	0.828	0.828	0.827
South West	0.812	0.831	0.821	0.803	0.808	0.807
Olmsted /South East	0.708	0.734	0.723	0.777	0.777	0.775

I then calculated a final set of factors, adjusted to be jointly revenue neutral on 2006 enrollment including MSHO enrollees. I did this step because the capitation rates derived from these factors will apply to MSHO enrollees along with other PMAP seniors, and DHS wishes the results of this analysis to be revenue neutral. The results of this step are the factors appearing in Tables 1 and 2 above. The enrollment figures I used are shown at the top of Exhibits A.1 and A.2.

For the analysis in this letter, I have assumed that MSHO enrollees have similar cost by demographic and area cell to non-MSHO enrollees.

Finally, I adjusted the area factors for MERC as follows. Starting with the recommended area factors in Table 2, I first multiplied by a factor of one minus the average MERC percentage over the 2006 enrollment distribution including MSHO enrollees. I then divided by a factor of one minus the MERC percentage for the area: 6.30% for Hennepin, 2.00% for Ramsey, Greater Metro, and Carver County, and 1.60% for the remaining areas.

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Mr. R. Jason Wiley

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November 14, 2007



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

Sincerely,

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

LMW/hkl

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**Exhibit A.1: Calculation of Percentage Change in Demographic Capitation Rates Including MERC**

Rate Cell			Hennepin	Ramsey	Greater Metro	Core Metro	North East	North Central	Carver	South West	Olmsted	South East	Total
<b>1. 2006 Enrollment by Rate Cell (including MSHO)</b>													
65 - 74	F	Instit	3,643	1,481	387	851	732	2,451	140	1,377	227	1,849	13,138
75 - 84	F	Instit	7,288	4,132	970	2,852	3,263	7,939	285	5,120	609	6,356	38,794
85 +	F	Instit	12,275	7,084	2,606	6,223	7,260	20,136	708	15,502	1,543	15,141	88,478
All Ages - Non MC	F	Instit	271	54	19	52	40	52	-	8	8	65	569
65 - 74	M	Instit	2,645	1,060	207	641	714	1,926	70	1,213	234	1,371	10,081
75 - 84	M	Instit	3,029	1,368	431	1,140	1,246	3,706	83	2,876	232	2,855	16,886
85 +	M	Instit	1,969	1,190	359	1,033	1,494	4,609	129	3,800	209	3,756	18,348
All Ages - Non MC	M	Instit	232	40	10	12	10	42	-	23	8	39	416
65 - 74	F	Non-Inst	21,219	13,637	1,709	11,072	5,396	14,962	505	8,662	2,047	9,371	88,580
75 +	F	Non-Inst	23,710	16,068	3,805	12,869	8,412	28,348	902	17,832	3,409	20,334	134,483
All Ages - Non MC	F	Non-Inst	8,679	2,503	104	1,527	118	409	86	378	439	571	14,814
65 - 74	M	Non-Inst	12,507	7,154	880	4,567	3,088	8,683	151	4,478	1,238	5,413	48,139
75 +	M	Non-Inst	8,937	4,975	737	3,572	1,697	8,143	259	5,333	1,212	5,985	40,850
All Ages - Non MC	M	Non-Inst	6,486	2,102	60	814	79	243	57	390	395	243	10,869
<b>Total</b>			<b>112,870</b>	<b>61,848</b>	<b>12,264</b>	<b>47,025</b>	<b>33,549</b>	<b>101,649</b>	<b>3,375</b>	<b>66,792</b>	<b>11,804</b>	<b>73,349</b>	<b>524,525</b>
<b>2. 2007 Original Capitation Rates with MERC and after Ratable Reductions</b>													
65 - 74	F	Instit	\$ 506.47	\$ 494.57	\$ 443.89	\$ 443.99	\$ 403.88	\$ 411.24	\$ 419.13	\$ 419.04	\$ 403.13	\$ 402.96	\$ 449.31
75 - 84	F	Instit	\$ 362.17	\$ 353.66	\$ 317.42	\$ 317.49	\$ 288.81	\$ 294.07	\$ 299.71	\$ 299.65	\$ 288.27	\$ 288.15	\$ 314.76
85 +	F	Instit	\$ 265.20	\$ 258.96	\$ 232.43	\$ 232.48	\$ 211.48	\$ 215.33	\$ 219.46	\$ 219.42	\$ 211.08	\$ 211.00	\$ 227.07
All Ages - Non MC	F	Instit	\$ 2,377.77	\$ 2,321.88	\$ 2,083.99	\$ 2,084.44	\$ 1,896.15	\$ 1,930.70	\$ 1,967.74	\$ 1,967.32	\$ 1,891.63	\$ 1,891.63	\$ 2,193.03
65 - 74	M	Instit	\$ 489.73	\$ 478.22	\$ 429.22	\$ 429.32	\$ 390.53	\$ 397.65	\$ 405.28	\$ 405.19	\$ 389.81	\$ 389.64	\$ 432.13
75 - 84	M	Instit	\$ 410.58	\$ 400.93	\$ 359.86	\$ 359.93	\$ 327.42	\$ 333.39	\$ 339.78	\$ 339.71	\$ 326.67	\$ 326.67	\$ 354.52
85 +	M	Instit	\$ 329.81	\$ 322.06	\$ 289.07	\$ 289.13	\$ 263.01	\$ 267.80	\$ 272.94	\$ 272.88	\$ 262.52	\$ 262.41	\$ 279.07
All Ages - Non MC	M	Instit	\$ 2,374.68	\$ 2,318.87	\$ 2,081.28	\$ 2,081.73	\$ 1,893.69	\$ 1,928.19	\$ 1,965.19	\$ 1,964.76	\$ 1,890.15	\$ 1,889.37	\$ 2,219.69
65 - 74	F	Non-Inst	\$ 589.68	\$ 575.82	\$ 516.83	\$ 516.94	\$ 470.24	\$ 478.81	\$ 488.00	\$ 487.89	\$ 469.36	\$ 469.17	\$ 524.98
75 +	F	Non-Inst	\$ 724.02	\$ 707.00	\$ 634.56	\$ 634.70	\$ 577.37	\$ 587.89	\$ 599.17	\$ 599.04	\$ 576.29	\$ 576.05	\$ 629.78
All Ages - Non MC	F	Non-Inst	\$ 1,848.79	\$ 1,805.34	\$ 1,620.37	\$ 1,620.72	\$ 1,474.32	\$ 1,501.18	\$ 1,529.98	\$ 1,529.65	\$ 1,471.56	\$ 1,470.95	\$ 1,768.02
65 - 74	M	Non-Inst	\$ 550.96	\$ 538.01	\$ 482.89	\$ 482.99	\$ 439.36	\$ 447.37	\$ 455.95	\$ 455.85	\$ 438.54	\$ 438.36	\$ 490.83
75 +	M	Non-Inst	\$ 756.20	\$ 738.43	\$ 662.77	\$ 662.91	\$ 603.03	\$ 614.02	\$ 625.80	\$ 625.66	\$ 601.90	\$ 601.66	\$ 664.40
All Ages - Non MC	M	Non-Inst	\$ 1,816.44	\$ 1,773.75	\$ 1,592.02	\$ 1,592.36	\$ 1,448.52	\$ 1,474.92	\$ 1,503.22	\$ 1,502.89	\$ 1,445.82	\$ 1,445.22	\$ 1,745.20
<b>Total</b>			<b>\$ 737.76</b>	<b>\$ 646.11</b>	<b>\$ 485.90</b>	<b>\$ 551.98</b>	<b>\$ 417.62</b>	<b>\$ 440.55</b>	<b>\$ 481.88</b>	<b>\$ 441.29</b>	<b>\$ 530.02</b>	<b>\$ 432.12</b>	<b>\$ 539.52</b>
<b>3. 2007 Capitation Rates Recalculated using Average 2007 Capitation Rate and Recommended Adjustment Factors Incl. MERC</b>													
65 - 74	F	Instit	\$ 558.36	\$ 664.98	\$ 472.11	\$ 474.04	\$ 283.65	\$ 360.30	\$ 352.97	\$ 351.54	\$ 337.72	\$ 337.72	\$ 451.39
75 - 84	F	Instit	\$ 388.71	\$ 462.94	\$ 328.67	\$ 330.01	\$ 197.47	\$ 250.83	\$ 245.73	\$ 244.73	\$ 235.11	\$ 235.11	\$ 298.87
85 +	F	Instit	\$ 272.52	\$ 324.56	\$ 230.43	\$ 231.37	\$ 138.44	\$ 175.85	\$ 172.28	\$ 171.58	\$ 164.83	\$ 164.83	\$ 200.76
All Ages - Non MC	F	Instit	\$ 2,474.36	\$ 2,946.86	\$ 2,092.18	\$ 2,100.72	\$ 1,257.01	\$ 1,596.66	\$ 1,564.20	\$ 1,557.84	\$ 1,496.61	\$ 1,496.61	\$ 2,168.18
65 - 74	M	Instit	\$ 548.55	\$ 653.29	\$ 463.82	\$ 465.71	\$ 278.67	\$ 353.97	\$ 346.77	\$ 345.36	\$ 331.79	\$ 331.79	\$ 435.90
75 - 84	M	Instit	\$ 432.47	\$ 515.05	\$ 365.67	\$ 367.16	\$ 219.70	\$ 279.06	\$ 273.39	\$ 272.28	\$ 261.58	\$ 261.58	\$ 324.88
85 +	M	Instit	\$ 357.17	\$ 425.37	\$ 302.00	\$ 303.24	\$ 181.45	\$ 230.48	\$ 225.79	\$ 224.87	\$ 216.03	\$ 216.03	\$ 253.96
All Ages - Non MC	M	Instit	\$ 2,474.36	\$ 2,946.86	\$ 2,092.18	\$ 2,100.72	\$ 1,257.01	\$ 1,596.66	\$ 1,564.20	\$ 1,557.84	\$ 1,496.61	\$ 1,496.61	\$ 2,220.81
65 - 74	F	Non-Inst	\$ 672.12	\$ 800.46	\$ 568.30	\$ 570.62	\$ 341.44	\$ 433.71	\$ 424.89	\$ 423.16	\$ 406.53	\$ 406.53	\$ 566.79
75 +	F	Non-Inst	\$ 803.11	\$ 956.47	\$ 679.06	\$ 681.84	\$ 407.99	\$ 518.23	\$ 507.70	\$ 505.63	\$ 485.76	\$ 485.76	\$ 623.15
All Ages - Non MC	F	Non-Inst	\$ 1,884.38	\$ 2,244.22	\$ 1,593.33	\$ 1,599.83	\$ 957.29	\$ 1,215.96	\$ 1,191.24	\$ 1,186.39	\$ 1,139.77	\$ 1,139.77	\$ 1,815.37
65 - 74	M	Non-Inst	\$ 615.44	\$ 732.96	\$ 520.38	\$ 522.50	\$ 312.65	\$ 397.13	\$ 389.06	\$ 387.47	\$ 372.25	\$ 372.25	\$ 508.07
75 +	M	Non-Inst	\$ 863.00	\$ 1,027.80	\$ 729.70	\$ 732.68	\$ 438.41	\$ 566.88	\$ 545.56	\$ 543.34	\$ 521.98	\$ 521.98	\$ 686.78
All Ages - Non MC	M	Non-Inst	\$ 1,775.14	\$ 2,114.12	\$ 1,500.96	\$ 1,507.09	\$ 901.80	\$ 1,145.47	\$ 1,122.18	\$ 1,117.62	\$ 1,073.69	\$ 1,073.69	\$ 1,730.49
<b>Total</b>			<b>\$ 792.90</b>	<b>\$ 858.93</b>	<b>\$ 515.40</b>	<b>\$ 588.46</b>	<b>\$ 293.06</b>	<b>\$ 386.45</b>	<b>\$ 401.92</b>	<b>\$ 389.14</b>	<b>\$ 439.24</b>	<b>\$ 361.57</b>	<b>\$ 540.20</b>

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**Exhibit A.1 Cont.: Calculation of Percentage Change in Demographic Capitation Rates Incl. MERC**

Rate Cell			Hennepin	Ramsey	Greater Metro	Core Metro	North East	North Central	Carver	South West	Olmsted	South East	Total
<b>4. Dollar Difference between Recalculated Capitation Rates and Original Capitation Rates</b>													
65 - 74	F	Instit	\$ 51.89	\$ 170.41	\$ 28.22	\$ 30.05	\$ (120.23)	\$ (50.95)	\$ (66.16)	\$ (67.51)	\$ (65.41)	\$ (65.24)	\$ 2.08
75 - 84	F	Instit	\$ 26.54	\$ 109.28	\$ 11.25	\$ 12.52	\$ (91.34)	\$ (43.24)	\$ (53.99)	\$ (54.92)	\$ (53.18)	\$ (53.04)	\$ (15.89)
85 +	F	Instit	\$ 7.33	\$ 65.60	\$ (2.00)	\$ (1.11)	\$ (73.04)	\$ (39.48)	\$ (47.19)	\$ (47.84)	\$ (46.25)	\$ (46.16)	\$ (26.31)
All Ages - Non MC	F	Instit	\$ 96.59	\$ 624.97	\$ 8.18	\$ 16.27	\$ (639.15)	\$ (334.04)	\$ (403.55)	\$ (409.48)	\$ (396.00)	\$ (395.22)	\$ (24.86)
65 - 74	M	Instit	\$ 58.82	\$ 175.08	\$ 34.60	\$ 36.40	\$ (111.87)	\$ (43.68)	\$ (58.51)	\$ (59.83)	\$ (58.02)	\$ (57.86)	\$ 3.78
75 - 84	M	Instit	\$ 21.89	\$ 114.12	\$ 5.82	\$ 7.23	\$ (107.72)	\$ (54.32)	\$ (66.39)	\$ (67.43)	\$ (65.23)	\$ (65.09)	\$ (29.63)
85 +	M	Instit	\$ 27.36	\$ 103.31	\$ 12.94	\$ 14.11	\$ (81.56)	\$ (37.33)	\$ (47.15)	\$ (48.01)	\$ (46.49)	\$ (46.38)	\$ (25.11)
All Ages - Non MC	M	Instit	\$ 99.68	\$ 627.99	\$ 10.89	\$ 18.98	\$ (636.68)	\$ (331.53)	\$ (400.99)	\$ (408.92)	\$ (393.64)	\$ (392.76)	\$ 1.12
65 - 74	F	Non-Inst	\$ 82.44	\$ 224.64	\$ 51.48	\$ 53.69	\$ (128.80)	\$ (45.10)	\$ (63.11)	\$ (64.73)	\$ (62.83)	\$ (62.64)	\$ 31.80
75 +	F	Non-Inst	\$ 79.09	\$ 249.47	\$ 44.50	\$ 47.14	\$ (169.38)	\$ (69.65)	\$ (91.47)	\$ (93.40)	\$ (90.53)	\$ (90.29)	\$ (6.62)
All Ages - Non MC	F	Non-Inst	\$ 35.59	\$ 438.88	\$ (27.04)	\$ (20.89)	\$ (517.03)	\$ (285.22)	\$ (338.75)	\$ (343.26)	\$ (331.80)	\$ (331.19)	\$ 47.35
65 - 74	M	Non-Inst	\$ 64.47	\$ 194.95	\$ 37.49	\$ 39.51	\$ (126.72)	\$ (50.24)	\$ (66.90)	\$ (68.38)	\$ (66.30)	\$ (66.12)	\$ 17.24
75 +	M	Non-Inst	\$ 108.80	\$ 289.37	\$ 66.93	\$ 69.77	\$ (164.62)	\$ (57.14)	\$ (80.24)	\$ (82.32)	\$ (79.92)	\$ (79.67)	\$ 22.39
All Ages - Non MC	M	Non-Inst	\$ (41.30)	\$ 340.37	\$ (91.06)	\$ (85.28)	\$ (546.73)	\$ (329.45)	\$ (381.04)	\$ (385.27)	\$ (372.13)	\$ (371.53)	\$ (14.70)
<b>Total</b>			\$ 55.14	\$ 212.83	\$ 29.50	\$ 34.48	\$ (124.56)	\$ (54.10)	\$ (79.96)	\$ (72.15)	\$ (90.78)	\$ (70.54)	\$ 0.68
<b>5. Dollar Difference as a Percentage of Original Capitation Rates</b>													
65 - 74	F	Instit	10.2%	34.5%	6.4%	6.8%	-29.8%	-12.4%	-15.8%	-16.1%	-16.2%	-16.2%	0.6%
75 - 84	F	Instit	7.3%	30.9%	3.5%	3.9%	-31.6%	-14.7%	-18.0%	-18.3%	-18.4%	-18.4%	-5.0%
85 +	F	Instit	2.8%	25.3%	-0.9%	-0.5%	-34.5%	-18.3%	-21.6%	-21.8%	-21.9%	-21.9%	-11.6%
All Ages - Non MC	F	Instit	4.1%	26.9%	0.4%	0.8%	-33.7%	-17.3%	-20.5%	-20.8%	-20.9%	-20.9%	-1.1%
65 - 74	M	Instit	12.0%	36.6%	8.1%	8.5%	-28.6%	-11.0%	-14.4%	-14.8%	-14.9%	-14.8%	0.9%
75 - 84	M	Instit	5.3%	28.5%	1.6%	2.0%	-32.9%	-16.3%	-19.5%	-19.8%	-20.0%	-19.9%	-8.4%
85 +	M	Instit	8.3%	32.1%	4.5%	4.9%	-31.0%	-13.9%	-17.3%	-17.6%	-17.7%	-17.7%	-9.0%
All Ages - Non MC	M	Instit	4.2%	27.1%	0.5%	0.9%	-33.6%	-17.2%	-20.4%	-20.7%	-20.8%	-20.8%	0.1%
65 - 74	F	Non-Inst	14.0%	39.0%	10.0%	10.4%	-27.4%	-9.4%	-12.9%	-13.3%	-13.4%	-13.4%	6.1%
75 +	F	Non-Inst	10.9%	35.3%	7.0%	7.4%	-29.3%	-11.8%	-15.3%	-15.6%	-15.7%	-15.7%	-1.1%
All Ages - Non MC	F	Non-Inst	1.9%	24.3%	-1.7%	-1.3%	-35.1%	-19.0%	-22.1%	-22.4%	-22.5%	-22.5%	2.7%
65 - 74	M	Non-Inst	11.7%	36.2%	7.8%	8.2%	-28.8%	-11.2%	-14.7%	-15.0%	-15.1%	-15.1%	3.5%
75 +	M	Non-Inst	14.1%	39.2%	10.1%	10.5%	-27.3%	-9.3%	-12.8%	-13.2%	-13.3%	-13.2%	3.4%
All Ages - Non MC	M	Non-Inst	-2.3%	19.2%	-5.7%	-5.4%	-37.7%	-22.3%	-25.3%	-25.6%	-25.7%	-25.7%	-0.8%
<b>Total</b>			7.5%	32.9%	6.1%	6.2%	-29.8%	-12.3%	-16.6%	-16.4%	-17.1%	-16.3%	0.1%

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**Exhibit A.2: Calculation of Percentage Change in Demographic Capitation Rates Excluding MERC**

Rate Cell			Hennepin	Ramsey	Greater Metro	Core Metro	North East	North Central	Carver	South West	Olmsted	South East	Total
<b>1. 2006 Enrollment by Rate Cell (including MSHO)</b>													
65 - 74	F	Instit	3,643	1,481	387	851	732	2,451	140	1,377	227	1,849	13,138
75 - 84	F	Instit	7,268	4,132	970	2,852	3,263	7,939	285	5,120	609	6,356	38,794
85 +	F	Instit	12,275	7,084	2,608	6,223	7,260	20,136	708	15,502	1,543	15,141	88,478
All Ages - Non MC	F	Instit	271	54	19	52	40	52	-	8	8	65	569
65 - 74	M	Instit	2,645	1,060	207	641	714	1,926	70	1,213	234	1,371	10,081
75 - 84	M	Instit	3,029	1,368	431	1,140	1,246	3,706	83	2,876	232	2,855	16,966
85 +	M	Instit	1,969	1,190	359	1,033	1,494	4,609	129	3,600	209	3,756	18,348
All Ages - Non MC	M	Instit	232	40	10	12	10	42	-	23	8	39	416
65 - 74	F	Non-Inst	21,219	13,637	1,709	11,072	5,398	14,962	505	8,662	2,047	9,371	88,580
75 - 84	F	Non-Inst	23,710	15,088	3,805	12,669	8,412	28,348	902	17,832	3,403	20,334	134,483
All Ages - Non MC	F	Non-Inst	8,679	2,503	104	1,527	118	409	86	378	439	571	14,814
65 - 74	M	Non-Inst	12,507	7,154	860	4,567	3,088	8,683	161	4,478	1,238	5,413	48,139
75 - 84	M	Non-Inst	8,937	4,975	737	3,572	1,697	8,143	259	5,333	1,212	5,985	40,850
All Ages - Non MC	M	Non-Inst	6,486	2,102	60	814	79	243	57	390	395	243	10,869
<b>Total</b>			<b>112,870</b>	<b>61,848</b>	<b>12,284</b>	<b>47,025</b>	<b>33,549</b>	<b>101,649</b>	<b>3,375</b>	<b>66,792</b>	<b>11,804</b>	<b>73,349</b>	<b>524,525</b>
<b>2. 2007 Original Capitation Rates without MERC and after Ratable Reductions</b>													
65 - 74	F	Instit	\$ 474.66	\$ 484.68	\$ 436.79	\$ 435.11	\$ 397.42	\$ 404.66	\$ 410.75	\$ 412.34	\$ 396.68	\$ 396.52	\$ 435.16
75 - 84	F	Instit	\$ 339.35	\$ 346.58	\$ 312.34	\$ 311.14	\$ 284.19	\$ 289.37	\$ 293.72	\$ 294.86	\$ 283.66	\$ 283.54	\$ 306.28
85 +	F	Instit	\$ 248.49	\$ 253.78	\$ 228.71	\$ 227.83	\$ 208.10	\$ 211.89	\$ 215.08	\$ 215.91	\$ 207.71	\$ 207.62	\$ 221.55
All Ages - Non MC	F	Instit	\$ 2,227.97	\$ 2,275.45	\$ 2,050.65	\$ 2,042.75	\$ 1,865.81	\$ 1,899.81	\$ 1,928.39	\$ 1,935.84	\$ 1,862.33	\$ 1,861.56	\$ 2,103.07
65 - 74	M	Instit	\$ 458.88	\$ 468.66	\$ 422.36	\$ 420.73	\$ 384.29	\$ 391.29	\$ 397.17	\$ 398.71	\$ 383.57	\$ 383.41	\$ 418.85
75 - 84	M	Instit	\$ 384.72	\$ 392.92	\$ 354.10	\$ 352.73	\$ 322.18	\$ 328.05	\$ 332.99	\$ 334.27	\$ 321.58	\$ 321.45	\$ 345.17
85 +	M	Instit	\$ 309.04	\$ 315.62	\$ 284.44	\$ 283.35	\$ 258.80	\$ 263.52	\$ 267.48	\$ 268.52	\$ 258.32	\$ 258.21	\$ 272.79
All Ages - Non MC	M	Instit	\$ 2,225.07	\$ 2,272.49	\$ 2,047.98	\$ 2,040.10	\$ 1,863.39	\$ 1,897.34	\$ 1,925.88	\$ 1,933.32	\$ 1,859.91	\$ 1,859.14	\$ 2,120.80
65 - 74	F	Non-Inst	\$ 552.53	\$ 564.31	\$ 508.56	\$ 506.80	\$ 462.72	\$ 471.15	\$ 478.24	\$ 480.08	\$ 461.85	\$ 461.66	\$ 508.32
75 - 84	F	Non-Inst	\$ 678.40	\$ 692.86	\$ 624.41	\$ 622.01	\$ 568.13	\$ 578.48	\$ 587.18	\$ 589.45	\$ 567.07	\$ 566.83	\$ 613.13
All Ages - Non MC	F	Non-Inst	\$ 1,732.32	\$ 1,769.23	\$ 1,594.44	\$ 1,588.30	\$ 1,450.73	\$ 1,477.16	\$ 1,499.38	\$ 1,505.17	\$ 1,448.02	\$ 1,447.42	\$ 1,686.90
65 - 74	M	Non-Inst	\$ 516.25	\$ 527.25	\$ 475.16	\$ 473.33	\$ 432.33	\$ 440.21	\$ 446.83	\$ 448.56	\$ 431.53	\$ 431.35	\$ 475.74
75 - 84	M	Non-Inst	\$ 708.56	\$ 723.66	\$ 652.16	\$ 649.65	\$ 593.38	\$ 604.19	\$ 613.28	\$ 615.65	\$ 592.27	\$ 592.03	\$ 645.38
All Ages - Non MC	M	Non-Inst	\$ 1,702.01	\$ 1,738.28	\$ 1,566.55	\$ 1,560.62	\$ 1,426.35	\$ 1,451.32	\$ 1,473.15	\$ 1,478.84	\$ 1,422.69	\$ 1,422.10	\$ 1,664.45
<b>Total</b>			<b>\$ 691.28</b>	<b>\$ 633.18</b>	<b>\$ 478.13</b>	<b>\$ 540.94</b>	<b>\$ 410.94</b>	<b>\$ 433.51</b>	<b>\$ 472.24</b>	<b>\$ 434.23</b>	<b>\$ 521.54</b>	<b>\$ 425.20</b>	<b>\$ 522.91</b>
<b>3. 2007 Capitation Rates Recalculated using Average 2007 Capitation Rate and Recommended Adjustment Factors</b>													
65 - 74	F	Instit	\$ 523.18	\$ 651.68	\$ 464.56	\$ 464.56	\$ 279.11	\$ 354.53	\$ 345.91	\$ 345.91	\$ 332.32	\$ 332.32	\$ 436.45
75 - 84	F	Instit	\$ 364.22	\$ 453.68	\$ 323.41	\$ 323.41	\$ 194.31	\$ 246.82	\$ 240.81	\$ 240.81	\$ 231.35	\$ 231.35	\$ 290.36
85 +	F	Instit	\$ 255.35	\$ 318.07	\$ 226.74	\$ 226.74	\$ 136.23	\$ 173.04	\$ 168.83	\$ 168.83	\$ 162.20	\$ 162.20	\$ 195.59
All Ages - Non MC	F	Instit	\$ 2,318.47	\$ 2,887.92	\$ 2,058.70	\$ 2,058.70	\$ 1,236.90	\$ 1,571.11	\$ 1,532.91	\$ 1,532.91	\$ 1,472.67	\$ 1,472.67	\$ 2,076.21
65 - 74	M	Instit	\$ 513.99	\$ 640.23	\$ 456.40	\$ 456.40	\$ 274.21	\$ 348.30	\$ 339.83	\$ 339.83	\$ 326.48	\$ 326.48	\$ 421.76
75 - 84	M	Instit	\$ 405.22	\$ 504.75	\$ 359.82	\$ 359.82	\$ 216.19	\$ 274.60	\$ 267.92	\$ 267.92	\$ 257.39	\$ 257.39	\$ 315.78
85 +	M	Instit	\$ 334.67	\$ 416.87	\$ 297.17	\$ 297.17	\$ 178.54	\$ 226.79	\$ 221.27	\$ 221.27	\$ 212.58	\$ 212.58	\$ 247.91
All Ages - Non MC	M	Instit	\$ 2,318.47	\$ 2,887.92	\$ 2,058.70	\$ 2,058.70	\$ 1,236.90	\$ 1,571.11	\$ 1,532.91	\$ 1,532.91	\$ 1,472.67	\$ 1,472.67	\$ 2,119.04
65 - 74	F	Non-Inst	\$ 629.77	\$ 784.45	\$ 559.21	\$ 559.21	\$ 335.98	\$ 426.77	\$ 416.39	\$ 416.39	\$ 400.02	\$ 400.02	\$ 539.52
75 - 84	F	Non-Inst	\$ 752.51	\$ 937.34	\$ 668.20	\$ 668.20	\$ 401.46	\$ 509.94	\$ 497.54	\$ 497.54	\$ 477.99	\$ 477.99	\$ 605.83
All Ages - Non MC	F	Non-Inst	\$ 1,765.67	\$ 2,199.34	\$ 1,567.83	\$ 1,567.83	\$ 941.98	\$ 1,196.50	\$ 1,167.41	\$ 1,167.41	\$ 1,121.53	\$ 1,121.53	\$ 1,732.23
65 - 74	M	Non-Inst	\$ 576.66	\$ 718.30	\$ 512.05	\$ 512.05	\$ 307.65	\$ 390.78	\$ 381.27	\$ 381.27	\$ 366.29	\$ 366.29	\$ 491.79
75 - 84	M	Non-Inst	\$ 808.83	\$ 1,007.24	\$ 718.03	\$ 718.03	\$ 431.40	\$ 547.97	\$ 534.64	\$ 534.64	\$ 513.63	\$ 513.63	\$ 666.15
All Ages - Non MC	M	Non-Inst	\$ 1,863.31	\$ 2,071.84	\$ 1,476.95	\$ 1,476.95	\$ 887.37	\$ 1,127.14	\$ 1,099.74	\$ 1,099.74	\$ 1,056.51	\$ 1,056.51	\$ 1,650.91
<b>Total</b>			<b>\$ 742.95</b>	<b>\$ 841.75</b>	<b>\$ 507.15</b>	<b>\$ 574.73</b>	<b>\$ 288.37</b>	<b>\$ 380.27</b>	<b>\$ 393.88</b>	<b>\$ 363.23</b>	<b>\$ 432.21</b>	<b>\$ 355.79</b>	<b>\$ 522.91</b>

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**Exhibit A.2 Cont.: Calculation of Percentage Change in Demographic Capitation Rates Excluding MERC**

Rate Cell			Hennepin	Ramsey	Greater Metro	Core Metro	North East	North Central	Carver	South West	Olmsted	South East	Total
<b>4. Dollar Difference between Recalculated Capitation Rates and Original Capitation Rates</b>													
65 - 74	F	Instit	\$ 48.62	\$ 167.00	\$ 27.77	\$ 29.45	\$ (118.31)	\$ (50.13)	\$ (64.84)	\$ (66.43)	\$ (64.36)	\$ (64.20)	\$ 1.29
75 - 84	F	Instit	\$ 24.87	\$ 107.10	\$ 11.07	\$ 12.27	\$ (89.88)	\$ (42.55)	\$ (52.91)	\$ (54.04)	\$ (52.31)	\$ (52.19)	\$ (15.91)
85 +	F	Instit	\$ 6.87	\$ 64.29	\$ (1.97)	\$ (1.09)	\$ (71.87)	\$ (38.86)	\$ (46.24)	\$ (47.07)	\$ (45.51)	\$ (45.42)	\$ (25.98)
All Ages - Non MC	F	Instit	\$ 90.50	\$ 612.47	\$ 8.05	\$ 15.95	\$ (628.92)	\$ (328.70)	\$ (395.48)	\$ (402.93)	\$ (389.68)	\$ (388.89)	\$ (26.86)
65 - 74	M	Instit	\$ 55.11	\$ 171.57	\$ 34.04	\$ 35.67	\$ (110.08)	\$ (42.99)	\$ (57.34)	\$ (58.87)	\$ (57.08)	\$ (56.93)	\$ 2.91
75 - 84	M	Instit	\$ 20.51	\$ 111.84	\$ 5.72	\$ 7.09	\$ (106.00)	\$ (53.45)	\$ (65.06)	\$ (66.35)	\$ (64.19)	\$ (64.05)	\$ (29.38)
85 +	M	Instit	\$ 25.63	\$ 101.25	\$ 12.73	\$ 13.83	\$ (80.26)	\$ (36.73)	\$ (46.21)	\$ (47.24)	\$ (45.74)	\$ (45.64)	\$ (24.87)
All Ages - Non MC	M	Instit	\$ 93.40	\$ 615.43	\$ 10.72	\$ 18.60	\$ (626.49)	\$ (326.23)	\$ (392.97)	\$ (400.41)	\$ (387.24)	\$ (386.47)	\$ (1.75)
65 - 74	F	Non-Inst	\$ 77.24	\$ 220.16	\$ 50.66	\$ 52.61	\$ (126.74)	\$ (44.38)	\$ (61.85)	\$ (63.69)	\$ (61.83)	\$ (61.64)	\$ 30.20
75 +	F	Non-Inst	\$ 74.11	\$ 244.48	\$ 43.79	\$ 46.19	\$ (166.67)	\$ (68.54)	\$ (89.64)	\$ (91.91)	\$ (89.08)	\$ (88.85)	\$ (7.30)
All Ages - Non MC	F	Non-Inst	\$ 33.35	\$ 430.11	\$ (26.61)	\$ (20.47)	\$ (508.75)	\$ (280.66)	\$ (331.97)	\$ (337.76)	\$ (326.49)	\$ (325.89)	\$ 45.33
65 - 74	M	Non-Inst	\$ 60.41	\$ 191.05	\$ 36.89	\$ 38.72	\$ (124.69)	\$ (49.44)	\$ (65.56)	\$ (67.29)	\$ (65.24)	\$ (65.06)	\$ 16.05
75 +	M	Non-Inst	\$ 100.07	\$ 283.58	\$ 65.86	\$ 68.37	\$ (161.98)	\$ (56.23)	\$ (78.64)	\$ (81.01)	\$ (78.84)	\$ (78.40)	\$ 20.77
All Ages - Non MC	M	Non-Inst	\$ (38.70)	\$ 333.56	\$ (89.60)	\$ (83.57)	\$ (637.98)	\$ (324.18)	\$ (373.41)	\$ (379.11)	\$ (366.17)	\$ (365.58)	\$ (13.54)
<b>Total</b>			\$ 51.66	\$ 208.57	\$ 29.03	\$ 33.79	\$ (122.57)	\$ (53.24)	\$ (78.36)	\$ (71.00)	\$ (89.33)	\$ (69.41)	\$ -
<b>5. Dollar Difference as a Percentage of Original Capitation Rates</b>													
65 - 74	F	Instit	10.2%	34.5%	6.4%	6.8%	-29.8%	-12.4%	-15.8%	-16.1%	-16.2%	-16.2%	0.3%
75 - 84	F	Instit	7.3%	30.9%	3.5%	3.9%	-31.6%	-14.7%	-18.0%	-18.3%	-18.4%	-18.4%	-5.2%
85 +	F	Instit	2.8%	25.3%	-0.9%	-0.5%	-34.5%	-18.3%	-21.5%	-21.8%	-21.9%	-21.9%	-11.7%
All Ages - Non MC	F	Instit	4.1%	26.9%	0.4%	0.8%	-33.7%	-17.3%	-20.5%	-20.8%	-20.9%	-20.9%	-1.3%
65 - 74	M	Instit	12.0%	36.6%	8.1%	8.5%	-28.6%	-11.0%	-14.4%	-14.8%	-14.9%	-14.8%	0.7%
75 - 84	M	Instit	5.3%	28.6%	1.6%	2.0%	-32.9%	-16.3%	-19.5%	-19.8%	-20.0%	-19.9%	-8.5%
85 +	M	Instit	8.3%	32.1%	4.5%	4.9%	-31.0%	-13.9%	-17.3%	-17.6%	-17.7%	-17.7%	-9.1%
All Ages - Non MC	M	Instit	4.2%	27.1%	0.5%	0.9%	-33.6%	-17.2%	-20.4%	-20.7%	-20.8%	-20.8%	-0.1%
65 - 74	F	Non-Inst	14.0%	39.0%	10.0%	10.4%	-27.4%	-9.4%	-12.9%	-13.3%	-13.4%	-13.4%	5.9%
75 +	F	Non-Inst	10.9%	35.3%	7.0%	7.4%	-29.3%	-11.8%	-15.3%	-15.6%	-15.7%	-15.7%	-1.2%
All Ages - Non MC	F	Non-Inst	1.9%	24.3%	-1.7%	-1.3%	-35.1%	-19.0%	-22.1%	-22.4%	-22.5%	-22.5%	2.7%
65 - 74	M	Non-Inst	11.7%	36.2%	7.8%	8.2%	-28.8%	-11.2%	-14.7%	-15.0%	-15.1%	-15.1%	3.4%
75 +	M	Non-Inst	14.1%	39.2%	10.1%	10.5%	-27.3%	-9.3%	-12.8%	-13.2%	-13.3%	-13.2%	3.2%
All Ages - Non MC	M	Non-Inst	-2.3%	19.2%	-5.7%	-5.4%	-37.7%	-22.3%	-25.3%	-25.6%	-25.7%	-25.7%	-0.8%
<b>Total</b>			7.5%	32.9%	6.1%	6.2%	-29.8%	-12.3%	-16.6%	-16.4%	-17.1%	-16.3%	0.0%

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**Exhibit B: Member Months and Relativity Factors**

**Table B-1: 2004 Member Months and Claim Cost Relativities by Rate Cell (after Part D Carve Out)**

Rate Cell			Hennepin	Ramsey	Greater Metro	North East	North Central	South West	Olmsted /South East
<b>Member Months</b>									
65 - 74	F	Instit	2,082	1,176	969	253	4,234	106	635
75 - 84	F	Instit	4,047	2,869	2,710	1,157	16,304	669	2,132
85 +	F	Instit	7,060	5,044	5,581	2,841	37,428	2,150	5,266
All Ages - Non MC	F	Instit	164	38	22	-	169	-	33
65 - 74	M	Instit	1,518	899	671	256	3,581	64	538
75 - 84	M	Instit	1,669	1,066	889	481	7,187	284	976
85 +	M	Instit	1,180	742	871	611	8,560	549	1,108
All Ages - Non MC	M	Instit	126	30	2	4	118	-	34
65 - 74	F	Non-Inst	14,419	10,484	8,345	1,968	24,039	1,018	3,930
75 +	F	Non-Inst	14,183	10,409	8,856	2,948	44,291	2,056	7,582
All Ages - Non MC	F	Non-Inst	5,157	1,378	1,419	42	649	91	670
65 - 74	M	Non-Inst	8,088	5,456	3,745	1,139	13,053	836	2,027
75 +	M	Non-Inst	5,106	3,359	2,400	534	11,457	605	2,250
All Ages - Non MC	M	Non-Inst	3,398	926	843	33	517	67	680
<b>Relativity Factors</b>									
65 - 74	F	Instit	0.836	1.048	0.946	0.794	0.850	0.710	0.713
75 - 84	F	Instit	0.478	0.599	0.617	0.428	0.505	0.519	0.513
85 +	F	Instit	0.345	0.398	0.373	0.296	0.383	0.377	0.348
All Ages - Non MC	F	Instit	4.576	3.041	2.131	1.957	3.457	-	2.720
65 - 74	M	Instit	0.831	0.886	0.597	0.576	0.835	0.935	0.693
75 - 84	M	Instit	0.703	0.623	0.648	0.617	0.608	0.533	0.563
85 +	M	Instit	0.525	0.466	0.437	0.427	0.461	0.547	0.415
All Ages - Non MC	M	Instit	4.576	3.041	2.131	1.957	3.457	-	2.720
65 - 74	F	Non-Inst	1.415	1.454	1.011	0.585	0.711	0.649	0.617
75 +	F	Non-Inst	1.919	2.260	1.312	0.793	0.828	0.931	0.760
All Ages - Non MC	F	Non-Inst	4.225	3.274	3.632	0.534	1.985	2.984	2.704
65 - 74	M	Non-Inst	1.273	1.569	1.207	0.561	0.687	0.777	0.493
75 +	M	Non-Inst	1.999	2.451	1.545	0.719	0.829	0.810	0.684
All Ages - Non MC	M	Non-Inst	3.678	3.026	2.376	0.264	1.493	1.541	3.658

Note: M and F Non-MC Institutionalized experience was combined. Relativities given are the average across both genders.

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**Exhibit B Cont.: Member Months and Relativity Factors**

**Table B-2: 2005 Member Months and Claim Cost Relativities by Rate Cell (after Part D Carve Out)**

Rate Cell			Hennepin	Ramsey	Greater Metro	North East	North Central	South West	Olmsted
Member Months									
65 - 74	F	Instit	1,984	1,018	966	755	2,159	958	1,327
75 - 84	F	Instit	3,806	2,574	2,929	3,334	7,776	3,249	4,340
85 +	F	Instit	6,471	4,886	6,663	6,803	19,083	9,441	10,699
All Ages - Non MC	F	Instit	144	54	35	27	64	18	61
65 - 74	M	Instit	1,342	893	791	711	1,822	853	972
75 - 84	M	Instit	1,620	985	1,174	1,316	3,573	1,552	2,047
85 +	M	Instit	1,093	730	982	1,396	4,369	2,044	2,477
All Ages - Non MC	M	Instit	122	41	8	4	89	18	39
65 - 74	F	Non-Inst	14,183	10,207	9,364	5,081	13,411	5,369	7,288
75 +	F	Non-Inst	14,523	10,256	11,028	6,739	23,939	10,337	14,605
All Ages - Non MC	F	Non-Inst	5,905	1,754	1,445	110	274	386	887
65 - 74	M	Non-Inst	7,726	5,361	4,168	2,786	7,762	2,977	4,115
75 +	M	Non-Inst	5,476	3,479	2,832	1,332	6,792	2,986	4,295
All Ages - Non MC	M	Non-Inst	4,192	1,397	779	56	212	368	690
Relativity Factors									
65 - 74	F	Instit	0.752	0.937	0.987	0.705	0.758	0.690	0.715
75 - 84	F	Instit	0.443	0.568	0.587	0.428	0.520	0.496	0.515
85 +	F	Instit	0.325	0.389	0.372	0.300	0.362	0.365	0.334
All Ages - Non MC	F	Instit	4.970	2.876	2.367	1.842	3.676	8.366	1.661
65 - 74	M	Instit	0.798	0.851	0.570	0.748	0.790	0.710	0.729
75 - 84	M	Instit	0.668	0.706	0.609	0.515	0.657	0.547	0.602
85 +	M	Instit	0.493	0.435	0.431	0.360	0.472	0.506	0.421
All Ages - Non MC	M	Instit	4.970	2.876	2.367	1.842	3.676	8.366	1.661
65 - 74	F	Non-Inst	1.347	1.458	1.019	0.592	0.691	0.812	0.619
75 +	F	Non-Inst	1.828	2.304	1.230	0.761	0.760	0.887	0.779
All Ages - Non MC	F	Non-Inst	4.179	3.266	3.728	1.645	1.380	2.012	2.269
65 - 74	M	Non-Inst	1.288	1.436	1.098	0.528	0.666	0.727	0.555
75 +	M	Non-Inst	2.004	2.289	1.632	0.699	0.758	0.892	0.763
All Ages - Non MC	M	Non-Inst	3.847	3.113	2.468	2.229	2.610	2.005	2.522

Note: M and F Non-MC Institutionalized experience was combined. Relativities given are the average across both genders.

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**Exhibit B Cont.: Member Months and Relativity Factors**

**Table B-3: 2006 Member Months and Claim Cost Relativities by Rate Cell**

Rate Cell			Hennepin	Ramsey	Greater Metro	North East	North Central	South West	Olmsted
<b>Member Months</b>									
65 - 74	F	Instit	1,306	582	423	196	712	178	652
75 - 84	F	Instit	2,549	1,604	1,581	774	2,153	752	2,103
85 +	F	Instit	5,032	3,285	3,203	1,417	4,918	2,239	4,768
All Ages - Non MC	F	Instit	168	77	54	46	49	9	58
65 - 74	M	Instit	981	468	377	146	548	184	576
75 - 84	M	Instit	1,234	676	714	298	1,071	528	892
85 +	M	Instit	915	584	384	366	1,166	595	1,174
All Ages - Non MC	M	Instit	193	52	20	9	43	5	29
65 - 74	F	Non-Inst	9,706	6,638	5,884	1,679	5,324	1,594	4,255
75 +	F	Non-Inst	10,446	6,825	5,730	2,037	8,451	2,455	8,659
All Ages - Non MC	F	Non-Inst	6,291	2,175	1,403	124	318	399	790
65 - 74	M	Non-Inst	5,654	3,487	2,445	1,116	3,077	1,118	2,474
75 +	M	Non-Inst	4,307	2,355	1,548	403	2,652	856	2,575
All Ages - Non MC	M	Non-Inst	4,883	1,808	767	70	201	381	519
<b>Relativity Factors</b>									
65 - 74	F	Instit	0.656	0.584	0.634	0.473	0.843	0.530	0.642
75 - 84	F	Instit	0.393	0.437	0.498	0.387	0.512	0.411	0.422
85 +	F	Instit	0.264	0.349	0.311	0.216	0.311	0.297	0.309
All Ages - Non MC	F	Instit	5.668	1.318	2.010	1.178	1.301	6.289	1.545
65 - 74	M	Instit	0.606	0.926	0.369	0.805	0.494	0.759	0.773
75 - 84	M	Instit	0.462	0.537	0.437	0.308	0.484	0.414	0.485
85 +	M	Instit	0.408	0.525	0.436	0.258	0.370	0.367	0.382
All Ages - Non MC	M	Instit	5.668	1.318	2.010	1.178	1.301	6.289	1.545
65 - 74	F	Non-Inst	1.055	1.273	0.882	0.568	0.650	0.660	0.582
75 +	F	Non-Inst	1.449	2.053	1.107	0.421	0.678	0.771	0.654
All Ages - Non MC	F	Non-Inst	2.553	2.817	2.352	1.655	1.584	1.173	1.512
65 - 74	M	Non-Inst	1.044	1.116	0.890	0.458	0.561	0.448	0.601
75 +	M	Non-Inst	1.416	1.805	1.554	1.009	0.862	0.672	0.555
All Ages - Non MC	M	Non-Inst	2.795	2.208	1.980	1.860	2.225	1.751	1.889

Note: M and F Non-MC Institutionalized experience was combined. Relativities given are the average across both genders.

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