



15800 Bluemound Road  
 Suite 400  
 Brookfield, WI 53005  
 USA  
 Tel +1 262 784 2250  
 Fax +1 262 784 2748

milliman.com

Eric P. Goetsch, FSA, MAAA  
 Principal and Consulting Actuary

December 10, 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 SNBC PINs Expenditures Using Rates from October through December 2009 and Calendar Year 2010**

Dear Pam:

At your request, this letter contains projected monthly Preferred Integrated Network (PINs) expenditures for the Special Needs BasicCare (SNBC) 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, December 2009 SNBC PINs enrollment, and SNBC PINs fourth quarter 2009 risk scores; thus, the expenditure changes do not consider potential changes in enrollment or risk scores between the two time periods.

The October through December 2009 rates used in this analysis are from Appendix 1 of our August 24, 2009 SNBC PINs rate memo. The 2010 rates used in this analysis are from Appendix 1 of our December 1, 2009 SNBC PINs rate memo. The Minnesota Department of Human Services (DHS) provided the December 2009 SNBC PINs enrollment data and the SNBC PINs fourth quarter 2009 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  
 SNBC PINs  
 Comparison of Projected Monthly Expenditures  
 Using Calendar Year 2010 Rates and October through December 2009 Rates  
 Assuming December 2009 SNBC PINs Enrollment**

| <b>Eligibility Status</b> | <b>Using Rates and Estimated Risk Scores for CY 2010</b> | <b>Using Rates and Risk Scores from October through December 2009</b> | <b>Dollar Change</b> | <b>Percentage Change</b> |
|---------------------------|--|---|----------------------|--------------------------|
| Total                     | \$838,454  | \$702,283   | \$136,171            | 19.4%                    |
| Dual Eligible             | 309,749  | 228,089   | 81,660               | 35.8%                    |
| Medicaid Only             | 528,706  | 474,194   | 54,511               | 11.5%                    |

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 SNBC 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.

Attachment 1 contains detailed comparisons by rate cells of the information contained in Table 1. These projections assume all withhold dollars will subsequently be returned to the health plans. Therefore, the change in the monthly expenditure projection amounts is not impacted by the change in the withhold percentage between the two time periods.

This comparison only includes Medical Assistance program expenditures and excludes payments from Medicare. In addition, this comparison excludes Medical Education Research Cost (MERC) payments made by DHS.

### **CAVEATS AND LIMITATIONS**

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

We relied on data and information supplied to us by DHS, including the December 2009 SNBC PINs enrollment and fourth quarter 2009 SNBC PINs 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 SNBC PINs 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 SNBC 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, MAAA  
Principal and Consulting Actuary

EPG/zh

Attachment

**Attachment 1**  
**SNBC PINs**  
**Comparison of Projected Monthly Expenditures**  
**Using CY 2010 Rates and 4Q 2009 Rates**  
**Assuming December 2009 SNBC PINs Enrollment and Excluding Both MERC Payments and Withhold Reductions**

| <b>Dual Eligibles</b>    |                       |   |                |                  |                      |   |                |                 |                      |                                   |                |                 |                      |                                       |              |              |                      |
|--------------------------|-----------------------|---|----------------|------------------|----------------------|---|----------------|-----------------|----------------------|-----------------------------------|----------------|-----------------|----------------------|---------------------------------------|--------------|--------------|----------------------|
| Rate Region \ 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 |              |              |                      |
|                          |                       | Plan RA Rate + DHU                                      | NF Add-On      | MH-TCM           | Reimbursement Amount | Plan RA Rate + DHU                                      | NF Add-On      | MH-TCM          | Reimbursement Amount | Plan RA Rate + DHU                | NF Add-On      | MH-TCM          | Reimbursement Amount | Plan RA Rate + DHU                    | NF Add-On    | MH-TCM       | Reimbursement Amount |
| Metro                    | Institutionalized     | 0   | 0              | 0                | 0                    | 0   | 0              | 0               | 0                    | 0                                 | 0              | 0               | 0                    | 0.0%                                  | 0.0%         | 0.0%         | 0.0%                 |
| Metro                    | Non-Institutionalized | 162,965   | 3,206          | 143,578          | 309,749              | 149,031   | 3,314          | 75,744          | 228,089              | 13,934                            | (108)          | 67,834          | 81,660               | 9.3%                                  | -3.3%        | 89.6%        | 35.8%                |
| <b>Total</b>             |                       | <b>\$162,965</b>  | <b>\$3,206</b> | <b>\$143,578</b> | <b>\$309,749</b>     | <b>\$149,031</b>  | <b>\$3,314</b> | <b>\$75,744</b> | <b>\$228,089</b>     | <b>\$13,934</b>                   | <b>(\$108)</b> | <b>\$67,834</b> | <b>\$81,660</b>      | <b>9.3%</b>                           | <b>-3.3%</b> | <b>89.6%</b> | <b>35.8%</b>         |

| <b>Single Eligibles</b>  |                       |   |                |                 |                      |   |                |                 |                      |                                   |              |                 |                                     |                                       |             |              |                                     |
|--------------------------|-----------------------|---|----------------|-----------------|----------------------|---|----------------|-----------------|----------------------|-----------------------------------|--------------|-----------------|-------------------------------------|---------------------------------------|-------------|--------------|-------------------------------------|
| Rate Region \ 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 |             |              |                                     |
|                          |                       | Plan RA Rate + DHU                                      | NF Add-On      | MH-TCM          | Reimbursement Amount | Plan RA Rate + DHU                                      | NF Add-On      | MH-TCM          | Reimbursement Amount | Plan RA Rate + DHU                | NF Add-On    | MH-TCM          | Reimbursement Amt. Including MH-TCM | Plan RA Rate + DHU                    | NF Add-On   | MH-TCM       | Reimbursement Amt. Including MH-TCM |
| Metro                    | Institutionalized     | 0   | 0              | 0               | 0                    | 0   | 0              | 0               | 0                    | 0                                 | 0            | 0               | 0                                   | 0.0%                                  | 0.0%        | 0.0%         | 0.0%                                |
| Metro                    | Non-Institutionalized | 445,862   | 2,084          | 80,760          | 528,706              | 424,535   | 1,899          | 47,760          | 474,194              | 21,327                            | 185          | 32,999          | 54,511                              | 5.0%                                  | 9.7%        | 69.1%        | 11.5%                               |
| <b>Total</b>             |                       | <b>\$445,862</b>  | <b>\$2,084</b> | <b>\$80,760</b> | <b>\$528,706</b>     | <b>\$424,535</b>  | <b>\$1,899</b> | <b>\$47,760</b> | <b>\$474,194</b>     | <b>\$21,327</b>                   | <b>\$185</b> | <b>\$32,999</b> | <b>\$54,511</b>                     | <b>5.0%</b>                           | <b>9.7%</b> | <b>69.1%</b> | <b>11.5%</b>                        |

| <b>Total Eligibles</b>   |                       |   |                |                  |                      |   |                |                  |                      |                                   |             |                  |                                     |                                       |             |              |                                     |
|--------------------------|-----------------------|---|----------------|------------------|----------------------|---|----------------|------------------|----------------------|-----------------------------------|-------------|------------------|-------------------------------------|---------------------------------------|-------------|--------------|-------------------------------------|
| Rate Region \ 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 |             |              |                                     |
|                          |                       | Plan RA Rate + DHU                                      | NF Add-On      | MH-TCM           | Reimbursement Amount | Plan RA Rate + DHU                                      | NF Add-On      | MH-TCM           | Reimbursement Amount | Plan RA Rate + DHU                | NF Add-On   | MH-TCM           | Reimbursement Amt. Including MH-TCM | Plan RA Rate + DHU                    | NF Add-On   | MH-TCM       | Reimbursement Amt. Including MH-TCM |
| Metro                    | Institutionalized     | 0   | 0              | 0                | 0                    | 0   | 0              | 0                | 0                    | 0                                 | 0           | 0                | 0                                   | 0.0%                                  | 0.0%        | 0.0%         | 0.0%                                |
| Metro                    | Non-Institutionalized | 608,826   | 5,291          | 224,337          | 838,454              | 573,565   | 5,214          | 123,504          | 702,283              | 35,261                            | 77          | 100,833          | 136,171                             | 6.1%                                  | 1.5%        | 81.6%        | 19.4%                               |
| <b>Total</b>             |                       | <b>\$608,826</b>  | <b>\$5,291</b> | <b>\$224,337</b> | <b>\$838,454</b>     | <b>\$573,565</b>  | <b>\$5,214</b> | <b>\$123,504</b> | <b>\$702,283</b>     | <b>\$35,261</b>                   | <b>\$77</b> | <b>\$100,833</b> | <b>\$136,171</b>                    | <b>6.1%</b>                           | <b>1.5%</b> | <b>81.6%</b> | <b>19.4%</b>                        |

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 SNBC 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.