

**Special Needs BasicCare
Base Rate Development
For Calendar Year 2008**

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I. INTRODUCTION

This report documents the calendar year (CY) 2008 base rate development for the Special Needs BasicCare (SNBC) program. The report assumes the reader is familiar with the basic aspects of the SNBC program, the disabled population groups to be covered under the program, the Minnesota Medicaid program, and managed care rating principles.

The 2008 payments to health plans will be a product of the base rates included in this report and the 2008 risk factors being developed by Greg Gifford of the Minnesota Department of Health. Comparisons were done to demonstrate the consistency of the data being used to develop the base rates and the data being used to develop the risk factors.

Caveats and Limitations

This report is intended for use by the Minnesota Department of Human Services (DHS) and participating health plan(s) as they negotiate a contract to provide most basic State plan services to people with disabilities in CY 2008 (Personal Care Assistant and Private Duty Nursing basic State plan services will remain fee-for-service Medicaid). The information contained in this report may not be suitable for other purposes or audiences. It is our understanding that DHS intends to distribute this report to the health plan(s) participating in SNBC, as well as to CMS to document the rate development.

The results presented in this letter are estimates only based on historical fee-for-service experience. Actual CY 2008 experience will vary from these estimates.

We have relied on data and information supplied to us by DHS. We have not audited or attempted any independent verification of such data. If this data is incomplete or inaccurate, then our conclusions will be incomplete or inaccurate.

This report was prepared specifically for DHS and the development of CY 2008 base rates for SNBC and may not be appropriate for other purposes. This report should only be viewed in its entirety. Milliman does not intend to benefit any third party and assumes no duty or liability to other parties who receive this work.

This report is a summary of the base rate development and does not address all of the issues detailed in the CMS checklist. This report also does not contain an actuarial certification for the premium rates. This information will be provided in a separate report at a later date.

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II. RATING METHODOLOGY

Base rates for the SNBC program are based on projections of historical fee-for-service Medicaid data for eligibles with disabilities. The aggregate base rates are trended to the center of the CY 2008 rating period. The base rates are adjusted to reflect differences in the fee-for-service cost data for geographical region, institutional status, and eligibility for Medicaid only vs. eligibility for both Medicare and Medicaid. The trends are consistent with historical and projected trends of budgeted costs from the Reports and Forecast Division of DHS.

The State will issue a single monthly payment to each health plan or its designee for which the health plan must provide the SNBC benefits set forth in the contract for all enrolled persons. The amount of the monthly payment will be equal to the product of the base rate multiplied by the risk factor for each person enrolled in the health plan, updated on a rolling quarterly basis. To ensure that the payments to the health plan reflect the resource needs of the enrolled population as accurately as possible, the State has developed a risk factor assignment methodology which acknowledges each enrollee's diagnosis history. The risk factor weights will be provided in a separate document.

Description of SNBC Rate Categories

SNBC has eight base rates for the SNBC population. Base rates are based on combinations of:

- ◆ **Medicare Coverage:** Medicaid only vs. Medicaid and Medicare (dual eligible). Dual eligible enrollees must be enrolled in both Parts A and B of Medicare.
- ◆ **Institutional Status:** Population categories of Institutionalized (NF / ICF) vs. Community (all other population categories).
- ◆ **County of Residence:** Metro counties (includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Sherburne, Washington, and Wright Counties) vs. non-metro counties.

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Base Rate Calculation Methodology

The base rate development is based on CY2005 fee-for-service data, provided by DHS, for eligibles with disabilities. We relied on this data as given, but did perform reasonableness tests where possible. Comparisons were done to demonstrate the consistency of the data used to develop the base rates and the data used to develop the risk factors.

The fee-for-service data was analyzed to calculate aggregate per member per month (PMPM) amounts for acute care services and prescription drugs that are not covered by Medicare.

Nursing facility institutional costs are accounted for in the nursing facility add-on rate, which is only applicable to the community population. Nursing facility costs for persons who resided in a nursing facility prior to enrollment in SNBC will be paid on a fee-for-service basis. Additionally, nursing facility costs after the health plan's 100-day nursing facility liability period will be paid on a fee-for-service basis.

The 2008 base rates in Appendix 1 are net of third party collections since third party revenues were removed from the fee-for-service cost experience.

The aggregate fee-for-service combined cost experience for acute services for combinations of population groups are shown in Table 1 along with the associated eligible months of exposure. Separate fee-for-service cost experience is displayed for prescription drugs. The prescription drug costs shown in Table 1 include all drugs. An adjustment will be made later in the rate development process to reflect the portion of drugs that will be covered by Medicare.

Table 1					
Special Needs BasicCare					
2008 Rate Development					
Aggregate 2005 Fee-for-Service Cost Experience PMPM for Eligibles with Disabilities					
Population			Eligible Months	PMPM Cost Excluding Rx	Rx PMPM
Duals	Institutional	Metro	19,918	\$285.98	\$622.75
		Non-Metro	13,036	230.82	484.85
	Community	Metro	233,845	295.67	411.06
		Non-Metro	243,034	269.73	396.40
Non-Duals	Institutional	Metro	8,584	1,464.46	706.17
		Non-Metro	4,546	1,298.23	586.16
	Community	Metro	235,448	822.09	271.65
		Non-Metro	178,307	777.51	347.68

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Annual Trends, Cost of Living Adjustments, and Rebasing Adjustments

The fee-for-service costs have been trended to the center of CY 2008 contract period. The annual trend assumptions, based on data provided by DHS, are 0.0% for Home Health Agency (HHA) services, 5.5% for non-HHA acute care services, and 9.0% for prescription drugs.

In addition to annual trends, the following cost of living adjustments (COLAs) and rebasing adjustments were made to the 2005 fee-for-service data to develop the 2008 base rates based on information provided by DHS:

- ◆ PMPM costs for COS 046 were increased 1.4% to reflect 2.0% COLAs for ARHMS and CTSS mental health services effective January 1, 2008 and July 1, 2008. These COLAs apply to 46.0% of the costs for COS 046 ($1.4\% = 3.0\% \times 46.0\%$; 3.0% is used since the July 1, 2008 COLA only applies to half of the contract year).
- ◆ PMPM costs for COS 062 were increased 3.0% to reflect 2.0% COLAs for chemical dependency services effective January 1, 2008 and July 1, 2008. An increase of 3.0% is used since the July 1, 2008 COLA only applies to half of the contract year.
- ◆ PMPM costs for COS 020 were increased 3.0% to reflect 2.0% COLAs for home health services effective January 1, 2008 and July 1, 2008. An increase of 3.0% is used since the July 1, 2008 COLA only applies to half of the contract year.
- ◆ PMPM costs for COS 001 and COS 015 were increased 26.0% and 22.0%, respectively, to account for the effect of inpatient hospital rebasing effective January 2007.

Spenddown

Enrollees with medical spenddowns are required to prepay their monthly spenddown amount to the State. The enrollee must meet this monthly obligation in order to retain enrollment in SNBC.

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The base rates include the value of the spenddown, reflecting the fact that the State collects the spenddown amounts. The fee-for-service experience excludes spenddown amounts. Therefore, spenddown amounts were added into the calculation for each base rate based on 2005 spenddown experience.

Two adjustments were made to the spenddown experience before adding it to the base rates:

1. The 2005 spenddown experience was reduced by 50% to account for the estimated percentage of the disabled population with a medical spenddown who would not enroll in SNBC due to its spenddown requirements.
2. For the community population, the 2005 spenddown experience was reduced by an additional percentage to reflect that some of the medical spenddown is being paid to fee-for-service providers for services not covered under the SNBC program. The percentage reductions, by population group, are as follows:
 - ◆ Community, single eligibles, metro counties: 27.4%
 - ◆ Community, dual eligibles, metro counties: 42.7%
 - ◆ Community, single eligibles, non-metro counties: 31.3%
 - ◆ Community, dual eligibles, non-metro counties: 50.2%
3. The value of the first three month's spenddown was estimated and deducted from all base rates. This adjustment was made since the State will allow the first month plus a grace period (e.g., 60-days) to avoid duplication of payment in the first month and accommodate for non-payment of the medical spenddown before disenrollment from SNBC would occur.

Institutional spenddowns for enrollees in nursing facilities/ICF/ICF-MR are collected directly from nursing facilities through a separate process and are therefore not included in the base rates.

Table 2 contains the PMPM amounts of total spenddown added to the base rates. These amounts reflect 2005 spenddown experience adjusted for the three adjustments described above. The spenddown per month (used to calculate the value of the first three month's spenddown) was estimated by dividing the total spenddown dollars over the experience period by the average length of enrollment per member. This effectively assumes that the pattern of spenddown amounts is level by month, and not skewed with higher spenddown amounts in the earliest months.

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Table 2			
Special Needs BasicCare			
2008 Rate Development			
Spendeddown Amounts Added to the Base Rates			
Population			Spendeddown PMPM
Duals	Institutional	Metro	\$0.74
		Non-Metro	0.39
	Community	Metro	5.85
		Non-Metro	2.87
Non-Duals	Institutional	Metro	0.94
		Non-Metro	0.80
	Community	Metro	1.72
		Non-Metro	1.36

Adjustment for Utilization Savings and Administration/Margin Requirements

DHS is expecting more cost effective provision of services under the SNBC program resulting in managed care savings from fee-for-service levels. The range of expected savings is 5.0% to 10.0% due to reduced utilization. DHS assumed a utilization reduction of 6.5% from fee-for-service levels. In addition, we expect there to be increased health plan administrative costs and a need for margin in a range from 5.0% to 8.0% of medical expenses (assuming a 0.5% load for margin) due to increased managed care efforts. DHS assumed administrative expenses (including margin) to be 7.0%. These two factors combine to a net savings in a range of (2.6%) to 5.5%. DHS assumed a net savings of 0.0% from the fee-for-service benefit costs. Table 3 contains a summary of these assumptions.

Table 3			
Special Needs BasicCare			
2008 Rate Development			
Range of Savings Assumptions			
	Optimistic	Pessimistic	Assumed
Utilization Reduction	10.0%	5.0%	6.5%
Administrative Expense / Margin	5.0%	8.0%	7.0%
Net Savings	5.5%	(2.6%)	0.0%
<i>Example of calculation using Optimistic assumptions: $(1.00 - 0.10) \times (1.00 + 0.05) = 0.945$, which is a 5.5% net savings $(1.00 - 0.945 = 0.055)$</i>			

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Adjustment for Over/Under-Prediction of Risk Scores by Population

Testing of the risk factor model indicated a bias of the risk factors for the institutional population to over-predict projected costs by approximately 13% and the community population to under-predict projected costs by approximately 1%. Therefore, the base rates for the institutional population were reduced by 13% and the base rates for the community population were increased by 1% such that the 2008 base rates and risk factors remained budget neutral while better accommodating future population mixes that are different than the population mix use to develop the risk scores. These bias factors were calculated by Greg Gifford.

Extended Chemical Dependency Treatment

The chemical dependency delivery system has been redesigned with the goal of focusing resources on the individual needs of the client. The previous 'levels of care' (e.g. outpatient, halfway house, extended care, etc) are eliminated and a new assessment tool and protocol will be in place by January 1, 2008. MCOs will be responsible for all levels of treatment determined necessary during the assessment/reassessment process. Costs for chemical dependency services COS 062 and 063 have been included in the rates. Chemical dependency housing costs will be the health plans' responsibility; however, plans will be reimbursed outside of the SNBC capitation for these costs for COS 063.

Medicare Adjustment for Prescription Drugs

Medicare will provide prescription drug coverage for the dually eligible enrollees in SNBC. The health plans maintain responsibility for drugs not covered under the standard Medicare Part D plan. DHS supplied information which showed that approximately 2.7% of the cost of prescription drugs for the dual eligible population are not covered by Medicare. Therefore, fee-for-service costs are reduced by 97.3% in the calculation of the base rates for prescription drugs for the dual eligible population.

Adjustment for Zostavax Vaccine

The shingles vaccine (Zostavax) will be covered under SNBC for single eligibles (it is covered under the federal Part D for dual eligibles). MCOs will be expected to cover the cost of the serum and administration. Coverage is for individuals 60 years and over whether or not they report a prior episode of shingles.

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DHS estimated 11.0% of the SNBC single eligible population will be ages 60 to 64. We assumed 40% of this population would obtain the one-time Zostavax vaccine in 2008 at a cost of \$174.11 per vaccination, resulting in a cost of \$0.64 PMPM ($0.110 \times 0.40 \times \$174.11 / 12$). This cost is included in the 2008 prescription base rates in Appendix 1.

Adjustments Made to Risk Scores for Targeted Mental Health Enhancement

The risk score model weights (and not the base rates) were adjusted for DHS' targeted mental health enhancement. The targeted enhancement includes the following:

- ◆ The opening of new state-operated facilities.
- ◆ ACT and IRTS being included in all program benefit sets effective January 2008.
- ◆ An increase in payment rates for selected critical access providers of CTSS, mental health behavioral aide services, and ARHMS medication education services.
- ◆ An increase in payments for CTSS individual and family skills training by children's therapeutic services and support providers.

Adjusting the risk score model weights (and not the base rates), appropriately allocates the extra revenue to those members DHS intended to help with the targeted mental health enhancement (i.e., those members with mental health diagnoses). Specifically, the Psychiatric Medium and High risk category weights were increased to add the extra revenue into the program for this enhancement.

Costs by Service Category

Appendix 2 contains actuarial cost models which show the distribution of PMPM costs by service category for the eight base rate population combinations. For 2005, the total cost of prescription drugs is included in the dual eligible cost models. The spenddown amounts shown in Appendix 1 are the total adjusted spenddown amounts contained in Table 2.

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Capitation Rate Components

Appendix 1A contains the components required to develop the CY 2008 capitation rates for each combination of:

- ◆ Medicaid only vs. Dual eligibility,
- ◆ Population group (Institutional vs. Community), and
- ◆ Region (Metro vs. non-Metro).

Appendices 1B and 1C contain templates of the spreadsheets that will be used by DHS to develop 2008 capitation rates for Non-County Based Purchasing (non-CBP) and CBP plans, respectively. The Plan Risk Factors in Appendices 1B and 1C (i.e., 1.05) are for illustrative purposes only and are not intended to reflect the risk score of any particular plan.

Medical Education Research Cost Adjustment

DHS will make payments to the Medical Education Research Cost (MERC) Trust Fund on behalf of the MCO. As a result, the 2008 SNBC final base rates have been adjusted for aggregate MERC reductions based on estimates of potential SNBC eligibility by county and the following percentages:

- ◆ 6.3% for Hennepin County
- ◆ 2.0% for Anoka, Carver, Dakota, Ramsey, Scott, and Washington Counties
- ◆ 1.6% for all other Counties

Differential Hospital Utilization Adjustment

Because of differential hospital utilization (DHU) in the fee-for-service base data, DHU was removed from single eligible base rates for SNBC and will be added back after the risk adjustment is calculated. This DHU adjustment is only applied to the single eligible population as Medicare is responsible for the hospital costs of dual eligible population.

The 2008 SNBC final base rates for single eligibles have been adjusted for aggregate DHU reductions based on estimates of potential SNBC eligibility by county and the percentages below. The DHU amounts added back into the rates are county specific based on the percentages below.

- ◆ 3.2% for Hennepin County
- ◆ 2.6% for Anoka, Carver, Dakota, Ramsey, Scott, and Washington Counties
- ◆ 0.7% for all other Counties

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Legislated Premium Tax

The 2008 final capitation rates include the legislated premium tax of 1%. Final base rates for the CBP program do not include the premium tax adjustment.

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III. SNBC NURSING FACILITY ADD-ON RATE

The health plan will be responsible for the first 100 days of nursing facility care for new admissions. The nursing facility per diem costs for persons who resided in nursing facilities prior to enrollment in the health plan are paid on a fee-for-service basis by the Medical Assistance program. For dual eligibles, Medicare covered skilled nursing facility days are counted toward the 100 days health plan liability. The 100 days may be consecutive days or total days for multiple admissions for a contract year.

The aggregate nursing facility rate for the SNBC population is calculated by the following formula:

$$\begin{aligned} \text{Monthly Rate} &= \text{Annual Frequency of Nursing Facility Admissions} / 12 \\ &x \text{ Average Length-of-Stay} \\ &x \text{ Average Charge per Day} \end{aligned}$$

The calculations of the initial rate and subsequent adjustments are outlined on pages 3 and 4 of Appendix 3:

- ◆ Section A contains the calculation of the initial rate. The initial rate is equal to the expected nursing facility costs for days in CY 2008 resulting from admissions occurring in CY 2008, divided by projected community eligible months in CY 2008. The initial rates PMPM for CY 2008 are \$12.89 and \$10.38 for the single eligible and dual eligible community populations, respectively.
- ◆ Section B contains the calculation of the tail rate. The tail rate is equal to the expected nursing facility costs for days in CY 2008 resulting from admissions occurring in CY 2007, divided by projected community eligible months in CY 2007. Since this program is new for CY 2008, the CY 2008 NF Add-On does not contain a tail rate component.
- ◆ Section C contains the calculations of the value of the enrollment adjustment based on updated enrollment. Since this program is new for CY 2008, the CY 2008 NF Add-On does not contain an updated enrollment component.

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- ◆ Section D contains the initial base rates for CY 2008 of \$12.89 and \$10.38 for the single eligible and dual eligible community populations, respectively. In addition, the initial base rate has been decreased by 1.7% so that disenrollment fees do not need to be charged. Without this adjustment, a disenrollment fee would need to be paid to the state by the managed care organization (MCO) when an institutionalized SNBC enrollee disenrolls during the 100-day benefit period. The resulting final base rates for CY 2008 are \$12.67 and \$10.20 for the single eligible and dual eligible community populations, respectively.

The data source for the calculation of the frequency, average length-of-stay (ALOS), and average charge per day consists of fee-for-service experience data from CY 2005 for eligibles with disabilities. This data was compiled by DHS staff. The data reflects experience from the single eligible population (those eligible only for Medicaid) and the dually eligible population (those eligible for both Medicare and Medicaid benefits).

Frequency

The frequency of admission is expressed as the expected number of admissions per eligible on an annual basis. The annual frequencies of admission are 1.5% for both the single eligible and dual eligible community populations.

Average Length-of-Stay

The ALOS is 72 days and 73 days for the single eligible and dual eligible community populations, respectively. These amounts include only the first 100 days per stay for all admissions combined. Skilled nursing facility days reimbursed by Medicare will be included in the 100-day pre-funded liability, with lower payments due to Medicare's portion. This is reflected by lowering the ALOS by 15 days for the dual eligible community eligibles. In the NF Add-on rate calculation, the length-of-stay is adjusted to exclude days which occur beyond the contract period.

Charge Per Day

An initial charge per day of \$163.38 was based on the projected 2008 nursing facility charge per day, prior to any COLA adjustments, using information prepared by DHS for the disabled fee-for-service population. The charge reflects Medicaid reimbursed amounts. The estimated charge per day was increased 3.0% to reflect 2.0% COLAs for nursing facility services effective October 1, 2007 and July 1, 2008. An increase of 3.0% is used since the July 1, 2008 COLA only

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applies to half of the contract year. The final estimated charge per day is \$168.28 (\$168.28 = \$163.38 x 1.03)

Base Rate Calculation

The single and dual eligible base rate calculations use the following formula:

$$\frac{\text{Admits}}{\text{Eligible Months}} \times \frac{\text{Days}}{\text{Admit}} \times \frac{\$}{\text{Day}} = \frac{\$}{\text{Eligible Months}}$$

The base rate calculation only considers nursing facility days that occur within the contract period and is therefore dependent on the enrollment assumptions by month. Enrollment assumptions by month were provided by DHS and are shown in the detailed aggregate rate calculations contained on pages 1 and 2 of Appendix 3.

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Appendix 1

SNBC 2008 Base Rate Tables

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**Appendix 1A
Special Needs BasicCare
Development of 2008 Rate Components Per Member Per Month (PMPM)**

Population	Estimated Eligibility for 2008 Enrollment	Acute Base Rate	Rx Base Rate	Spenddown Adjustment	Initial Base Rate	MERC Adjustm.	Composite MERC Adjustm.	DHU Adjustm.	Composite DHU Adjustm.	Base Rate Premium Tax	Composite Base Rate Premium Tax	Non-CBP Final Base Rate with MERC and DHU Removed	CBP Final Base Rate with MERC and DHU Removed	MERC Add-Back Premium Tax	DHU Add-Back for Non-CBP (includes Premium Tax)	DHU Add-Back for CBP	NF Add-On for Non-CBP (includes Premium Tax)	NF Add-On for CBP
Duals																		
Institutional	Metro 1	\$302.23	\$18.94	\$0.74	\$321.91	\$20.28	\$14.00	N/A	N/A	\$3.05	\$3.11	\$311.02	\$311.02	N/A	N/A	N/A	N/A	N/A
	Metro 2	302.23	18.94	0.74	321.91	6.44	14.00	N/A	N/A	3.19	3.11	311.02	311.02	N/A	N/A	N/A	N/A	N/A
	Metro 3	302.23	18.94	0.74	321.91	5.15	14.00	N/A	N/A	3.20	3.11	311.02	311.02	N/A	N/A	N/A	N/A	N/A
	Non-Metro	\$242.28	\$14.75	\$0.39	\$257.42	\$4.12	\$4.12	N/A	N/A	\$2.56	\$2.56	\$255.86	\$255.86	\$4.12	N/A	N/A	N/A	N/A
Community	Metro 1	\$358.91	\$14.52	\$5.85	\$379.28	\$23.89	\$14.85	N/A	N/A	\$3.59	\$3.68	\$368.11	\$368.11	N/A	N/A	N/A	\$10.30	N/A
	Metro 2	358.91	14.52	5.85	379.28	7.59	14.85	N/A	N/A	3.75	3.68	368.11	368.11	N/A	N/A	N/A	10.30	N/A
	Metro 3	358.91	14.52	5.85	379.28	6.07	14.85	N/A	N/A	3.77	3.68	368.11	368.11	N/A	N/A	N/A	10.30	N/A
	Non-Metro	\$325.05	\$14.00	\$2.87	\$341.92	\$5.47	\$5.47	N/A	N/A	\$3.40	\$3.40	\$339.85	\$339.85	\$5.47	N/A	N/A	\$10.30	\$10.20
Non-Duals																		
Institutional	Metro 1	\$1,682.92	\$796.26	\$0.94	\$2,480.12	\$156.25	\$116.28	\$79.36	\$72.83	\$22.67	\$23.14	\$2,314.15	\$2,314.15	\$156.25	\$80.17	N/A	N/A	N/A
	Metro 2	1,682.92	796.26	0.94	2,480.12	49.60	116.28	64.48	72.83	23.90	23.14	2,314.15	2,314.15	49.60	65.13	N/A	N/A	N/A
	Metro 3	1,682.92	796.26	0.94	2,480.12	39.68	116.28	17.56	72.83	24.48	23.14	2,314.15	2,314.15	39.68	17.54	N/A	N/A	N/A
	Non-Metro	\$1,477.17	\$561.05	\$0.80	\$2,039.02	\$34.22	\$34.22	\$14.97	\$14.97	\$21.11	\$21.11	\$2,110.94	\$2,110.94	\$34.22	\$15.12	\$14.97	N/A	N/A
Community	Metro 1	\$1,081.46	\$355.94	\$1.72	\$1,439.12	\$90.66	\$57.41	\$46.05	\$40.72	\$13.16	\$13.55	\$1,354.53	\$1,354.53	\$90.66	\$46.52	N/A	\$12.80	N/A
	Metro 2	1,081.46	355.94	1.72	1,439.12	28.78	57.41	37.42	40.72	13.87	13.55	1,354.53	1,354.53	28.78	37.80	N/A	12.80	N/A
	Metro 3	1,081.46	355.94	1.72	1,439.12	23.03	57.41	10.07	40.72	14.20	13.55	1,354.53	1,354.53	23.03	10.18	N/A	12.80	N/A
	Non-Metro	\$1,004.02	\$455.40	\$1.36	\$1,460.78	\$23.37	\$23.37	\$10.23	\$10.23	\$14.42	\$14.42	\$1,441.60	\$1,441.60	\$23.37	\$10.33	\$10.23	\$12.80	\$12.67

Metro 1 - Hennepin County
 Metro 2 - Anoka, Carver, Dakota, Ramsey, Scott, and Washington Counties
 Metro 3 - Sherburne and Wright Counties
 Non-Metro - All other counties

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**Appendix 1B
Special Needs BasicCare
2008 Capitation Payment Rates
Non-CBP Plans**

Rate Regions		MERC Carve Out	DHU Add-on ¹	MERC + DHU	CY 2008 Base Rate ²	1/08-3/08 Plan Risk Factor ³	1/08-3/08 Plan RA Rate ³	NF Add-on ¹	Reimbursement Amount: MERC + DHU + Plan RA Rate + NF Add-On	Plan Rate w/o MERC
Hennepin	Institutionalized	Dual \$20.28	N/A	\$20.28	\$311.02	1.0500	\$326.57	N/A	\$346.85	\$326.57
	Non-Dual	Non-Dual 156.25	\$80.17	236.42	2,314.15	1.0500	2,429.86	N/A	2,666.28	2,510.03
Metro	Non-Institutionalized	Dual 23.89	N/A	23.89	368.11	1.0500	386.51	\$10.30	420.70	396.81
	Institutionalized	Non-Dual 90.66	46.52	137.18	1,354.53	1.0500	1,422.26	12.80	1,572.24	1,481.58
NW Metro	Non-Institutionalized	Dual \$6.44	N/A	\$6.44	\$311.02	1.0500	\$326.57	N/A	\$333.01	\$326.57
	Institutionalized	Non-Dual 49.60	\$65.13	114.73	2,314.15	1.0500	2,429.86	N/A	2,544.59	2,494.99
Non-Metro	Non-Institutionalized	Dual 7.59	N/A	7.59	368.11	1.0500	386.51	\$10.30	404.40	396.81
	Institutionalized	Non-Dual 28.78	37.80	66.58	1,354.53	1.0500	1,422.26	12.80	1,501.64	1,472.86
Non-Metro	Non-Institutionalized	Dual \$5.15	N/A	\$5.15	\$311.02	1.0500	\$326.57	N/A	\$331.72	\$326.57
	Institutionalized	Non-Dual 39.68	\$17.54	57.22	2,314.15	1.0500	2,429.86	N/A	2,487.08	2,447.40
Non-Metro	Non-Institutionalized	Dual 6.07	N/A	6.07	368.11	1.0500	386.51	\$10.30	402.88	396.81
	Institutionalized	Non-Dual 23.03	10.18	33.21	1,354.53	1.0500	1,422.26	12.80	1,468.27	1,445.24
Non-Metro	Non-Institutionalized	Dual \$4.12	N/A	\$4.12	\$255.86	1.0500	\$268.65	N/A	\$272.77	\$268.65
	Institutionalized	Non-Dual 34.22	\$15.12	49.34	2,110.94	1.0500	2,216.49	N/A	2,265.83	2,231.61
Non-Metro	Non-Institutionalized	Dual 5.47	N/A	5.47	339.85	1.0500	356.84	\$10.30	372.61	367.14
	Institutionalized	Non-Dual 23.37	10.33	33.70	1,441.60	1.0500	1,513.68	12.80	1,560.18	1,536.81

¹ Includes 1% premium tax.
² Does not include MERC Carve-Out or DHU Add-On. Includes 1% premium tax.
³ The plan risk factor and risk adjusted rates will change each quarter

Rate Regions:
Hennepin: Hennepin County
Metro: Anoka, Carver, Dakota, Ramsey, Scott & Washington Counties
NW Metro: Sherburne & Wright Counties
Non-Metro: All other counties not previously listed

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Appendix 1C
Special Needs BasicCare
2008 Capitation Payment Rates
CBP Plans

Rate Regions	MERC Carve Out	DHU Add-on	MERC + DHU	CY 2008 Base Rate ¹	1/08-3/08 Plan Risk Factor ²	1/08-3/08 Plan RA Rate ²	NF Add-on	Reimbursement Amount: MERC + DHU + Plan RA Rate + NF Add-On	Plan Rate w/o MERC
Non-Metro	Institutionalized								
	Non-Institutionalized	Dual	\$4.12	\$253.30	1.0500	\$265.97	N/A	\$270.09	\$265.97
		Non-Dual	34.22	2,089.83	1.0500	2,194.32	N/A	2,243.51	2,209.29
		Dual	5.47	336.45	1.0500	353.27	\$10.20	368.94	363.47
		Non-Dual	23.37	1,427.18	1.0500	1,498.54	12.67	1,544.81	1,521.44

¹ Does not include MERC Carve-Out or DHU Add-On.

² The plan risk factor and risk adjusted rates will change each quarter

Rate Regions:

Hennepin: Hennepin County

Metro: Anoka, Carver, Dakota, Ramsey, Scott & Washington Counties

NW Metro: Sherburne & Wright Counties

Non-Metro: All other counties not previously listed

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Appendix 2

SNBC PMPM Cost Models

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2008 Rates

Population: Dual Eligibles, Metro Counties, Institutional

COS	Description	DHS Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Trended PMPM
001	Inpatient Hospital General	\$35.88	1.174	1.260	0.87	0.00	\$46.18
006	Rehabilitation	0.15	1.174	1.000	0.87	0.00	0.16
007	Outpatient Hospital Services	14.66	1.174	1.000	0.87	0.00	14.98
015	Inpatient Long Term Hospital	0.65	1.174	1.220	0.87	0.00	0.82
020	Home Health Services	0.09	1.000	1.030	0.87	0.00	0.08
032	Medical Supply / DME	33.98	1.174	1.000	0.87	0.00	34.72
036	Transport, Special	46.48	1.174	1.000	0.87	0.00	47.48
037	Transport, Ambulance	7.46	1.174	1.000	0.87	0.00	7.62
041	Anesthesia	1.52	1.174	1.000	0.87	0.00	1.55
043	Physician Services	41.42	1.174	1.000	0.87	0.00	42.31
045	Dental	19.13	1.174	1.000	0.87	0.00	19.55
046	Mental Health	29.47	1.174	1.014	0.87	0.00	30.53
051	Physical Therapy	6.87	1.174	1.000	0.87	0.00	7.02
053	Speech Therapy	2.71	1.174	1.000	0.87	0.00	2.77
054	Occupational Therapy	9.68	1.174	1.000	0.87	0.00	9.89
055	Podiatry	0.70	1.174	1.000	0.87	0.00	0.71
057	Chiropractic	0.04	1.174	1.000	0.87	0.00	0.04
058	Audiology	0.51	1.174	1.000	0.87	0.00	0.52
062	Chemical Dependency	0.59	1.174	1.030	0.87	0.00	0.62
063	CD Extended Care / Halfway House	0.00	1.174	1.000	0.87	0.00	0.00
072	Hospice	1.33	1.174	1.000	0.87	0.00	1.35
074	Inpatient Hospital 45 Day Psych Contract	0.69	1.174	1.000	0.87	0.00	0.71
075	Eyeglasses / Contact Lenses	2.08	1.174	1.000	0.87	0.00	2.12
076	Prosthetics and Orthotics	2.86	1.174	1.000	0.87	0.00	2.92
077	Hearing Aids	0.78	1.174	1.000	0.87	0.00	0.80
078	Vision Care	2.26	1.174	1.000	0.87	0.00	2.31
079	Radiology, Technical Component	10.96	1.174	1.000	0.87	0.00	11.19
080	Laboratory	1.12	1.174	1.000	0.87	0.00	1.15
082	Federal Qualified Health Contract Service	2.84	1.174	1.000	0.87	0.00	2.90
087	End-Stage Renal Dialysis	7.72	1.174	1.000	0.87	0.00	7.89
091	Nurse Practitioner Services	1.06	1.174	1.000	0.87	0.00	1.08
999	Unable to Define	0.25	1.174	1.000	0.87	0.00	0.26
	Total without Prescription Drugs	<u>\$285.98</u>					<u>\$302.23</u>
	Prescription Drugs	622.75	1.295	0.027	0.87	0.00	18.94
	Spenddown	<u>1.98</u>					<u>0.74</u>
	Grand Total	<u>\$910.71</u>					<u>\$321.91</u>
	2005 Eligible Months	19,918					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2008 Rates

Population: Dual Eligibles, Non-Metro Counties, Institutional

COS	Description	DHS Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Trended PMPM
001	Inpatient Hospital General	\$22.95	1.174	1.260	0.87	0.00	\$29.54
006	Rehabilitation	0.15	1.174	1.000	0.87	0.00	0.16
007	Outpatient Hospital Services	15.60	1.174	1.000	0.87	0.00	15.94
014	Inpatient Hospital IMD	0.10	1.174	1.000	0.87	0.00	0.10
015	Inpatient Long Term Hospital	1.00	1.174	1.220	0.87	0.00	1.25
020	Home Health Services	0.06	1.000	1.030	0.87	0.00	0.06
032	Medical Supply / DME	37.43	1.174	1.000	0.87	0.00	38.24
036	Transport, Special	46.92	1.174	1.000	0.87	0.00	47.94
037	Transport, Ambulance	6.27	1.174	1.000	0.87	0.00	6.40
041	Anesthesia	1.17	1.174	1.000	0.87	0.00	1.19
043	Physician Services	36.30	1.174	1.000	0.87	0.00	37.09
045	Dental	18.03	1.174	1.000	0.87	0.00	18.42
046	Mental Health	10.33	1.174	1.014	0.87	0.00	10.70
051	Physical Therapy	4.14	1.174	1.000	0.87	0.00	4.22
053	Speech Therapy	1.04	1.174	1.000	0.87	0.00	1.06
054	Occupational Therapy	3.54	1.174	1.000	0.87	0.00	3.62
055	Podiatry	0.44	1.174	1.000	0.87	0.00	0.45
056	Ambulatory Surgery	0.18	1.174	1.000	0.87	0.00	0.18
057	Chiropractic	0.13	1.174	1.000	0.87	0.00	0.13
058	Audiology	0.30	1.174	1.000	0.87	0.00	0.31
062	Chemical Dependency	0.76	1.174	1.030	0.87	0.00	0.80
063	CD Extended Care / Halfway House	0.00	1.174	1.000	0.87	0.00	0.00
072	Hospice	2.72	1.174	1.000	0.87	0.00	2.77
074	Inpatient Hospital 45 Day Psych Contract	0.07	1.174	1.000	0.87	0.00	0.07
075	Eyeglasses / Contact Lenses	1.57	1.174	1.000	0.87	0.00	1.61
076	Prosthetics and Orthotics	2.81	1.174	1.000	0.87	0.00	2.87
077	Hearing Aids	0.50	1.174	1.000	0.87	0.00	0.51
078	Vision Care	1.59	1.174	1.000	0.87	0.00	1.63
079	Radiology, Technical Component	8.69	1.174	1.000	0.87	0.00	8.88
080	Laboratory	1.18	1.174	1.000	0.87	0.00	1.21
082	Federal Qualified Health Contract Service	0.09	1.174	1.000	0.87	0.00	0.10
083	Rural Health Clinic Services	1.31	1.174	1.000	0.87	0.00	1.33
087	End-Stage Renal Dialysis	2.91	1.174	1.000	0.87	0.00	2.97
088	Public Health Nursing	0.02	1.174	1.000	0.87	0.00	0.02
091	Nurse Practitioner Services	0.39	1.174	1.000	0.87	0.00	0.40
999	Unable to Define	0.11	1.174	1.000	0.87	0.00	0.11
	Total without Prescription Drugs	<u>\$230.82</u>					<u>\$242.28</u>
	Prescription Drugs	484.85	1.295	0.027	0.87	0.00	14.75
	Spenddown	<u>1.06</u>					<u>0.39</u>
	Grand Total	<u>\$716.73</u>					<u>\$257.42</u>
	2005 Eligible Months	13,036					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2008 Rates

Population: Dual Eligibles, Metro Counties, Community

COS	Description	DHS Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Trended PMPM
001	Inpatient Hospital General	\$28.81	1.174	1.260	1.01	0.00	\$43.06
006	Rehabilitation	0.20	1.174	1.000	1.01	0.00	0.24
007	Outpatient Hospital Services	15.45	1.174	1.000	1.01	0.00	18.33
014	Inpatient Hospital IMD	0.11	1.174	1.000	1.01	0.00	0.13
015	Inpatient Long Term Hospital	4.82	1.174	1.220	1.01	0.00	6.98
020	Home Health Services	24.40	1.000	1.030	1.01	0.00	25.39
029	RTC - Mental Health	0.57	1.174	1.000	1.01	0.00	0.68
032	Medical Supply / DME	21.46	1.174	1.000	1.01	0.00	25.45
036	Transport, Special	12.02	1.174	1.000	1.01	0.00	14.26
037	Transport, Ambulance	3.43	1.174	1.000	1.01	0.00	4.07
041	Anesthesia	0.99	1.174	1.000	1.01	0.00	1.18
043	Physician Services	38.04	1.174	1.000	1.01	0.00	45.11
045	Dental	13.77	1.174	1.000	1.01	0.00	16.33
046	Mental Health	86.10	1.174	1.014	1.01	0.00	103.54
051	Physical Therapy	1.54	1.174	1.000	1.01	0.00	1.82
053	Speech Therapy	0.48	1.174	1.000	1.01	0.00	0.57
054	Occupational Therapy	2.10	1.174	1.000	1.01	0.00	2.49
055	Podiatry	0.34	1.174	1.000	1.01	0.00	0.41
056	Ambulatory Surgery	0.04	1.174	1.000	1.01	0.00	0.04
057	Chiropractic	0.54	1.174	1.000	1.01	0.00	0.64
058	Audiology	0.15	1.174	1.000	1.01	0.00	0.18
062	Chemical Dependency	5.55	1.174	1.030	1.01	0.00	6.78
063	CD Extended Care / Halfway House	1.10	1.174	1.000	1.01	0.00	1.30
072	Hospice	3.43	1.174	1.000	1.01	0.00	4.07
074	Inpatient Hospital 45 Day Psych Contract	2.02	1.174	1.000	1.01	0.00	2.40
075	Byeglasses / Contact Lenses	1.95	1.174	1.000	1.01	0.00	2.32
076	Prosthetics and Orthotics	1.69	1.174	1.000	1.01	0.00	2.00
077	Hearing Aids	0.60	1.174	1.000	1.01	0.00	0.71
078	Vision Care	1.05	1.174	1.000	1.01	0.00	1.25
079	Radiology, Technical Component	11.28	1.174	1.000	1.01	0.00	13.38
080	Laboratory	1.39	1.174	1.000	1.01	0.00	1.64
082	Federal Qualified Health Contract Service	3.63	1.174	1.000	1.01	0.00	4.31
083	Rural Health Clinic Services	0.01	1.174	1.000	1.01	0.00	0.02
087	End-Stage Renal Dialysis	5.44	1.174	1.000	1.01	0.00	6.45
088	Public Health Nursing	0.05	1.174	1.000	1.01	0.00	0.06
090	Nurse Midwife Services	0.01	1.174	1.000	1.01	0.00	0.01
091	Nurse Practitioner Services	0.22	1.174	1.000	1.01	0.00	0.26
999	Unable to Define	0.88	1.174	1.000	1.01	0.00	1.05
	Total without Prescription Drugs	<u>\$295.67</u>					<u>\$358.91</u>
	Prescription Drugs	411.06	1.295	0.027	1.01	0.00	14.52
	Spenddown	<u>27.85</u>					<u>5.85</u>
	Grand Total	<u>\$734.58</u>					<u>\$379.28</u>
	2005 Eligible Months	233,845					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2008 Rates

Population: Dual Eligibles, Non-Metro Counties, Community

COS	Description	DHS Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Trended PMPM
001	Inpatient Hospital General	\$21.82	1.174	1.260	1.01	0.00	\$32.60
006	Rehabilitation	0.11	1.174	1.000	1.01	0.00	0.13
007	Outpatient Hospital Services	16.41	1.174	1.000	1.01	0.00	19.46
014	Inpatient Hospital IMD	1.60	1.174	1.000	1.01	0.00	1.90
015	Inpatient Long Term Hospital	1.16	1.174	1.220	1.01	0.00	1.68
020	Home Health Services	22.98	1.000	1.030	1.01	0.00	23.91
029	RTC - Mental Health	8.00	1.174	1.000	1.01	0.00	9.49
032	Medical Supply / DME	20.45	1.174	1.000	1.01	0.00	24.25
036	Transport, Special	10.26	1.174	1.000	1.01	0.00	12.17
037	Transport, Ambulance	2.99	1.174	1.000	1.01	0.00	3.55
041	Anesthesia	0.96	1.174	1.000	1.01	0.00	1.13
043	Physician Services	34.54	1.174	1.000	1.01	0.00	40.96
045	Dental	16.16	1.174	1.000	1.01	0.00	19.17
046	Mental Health	77.79	1.174	1.014	1.01	0.00	93.55
051	Physical Therapy	1.76	1.174	1.000	1.01	0.00	2.08
053	Specch Therapy	0.23	1.174	1.000	1.01	0.00	0.27
054	Occupational Therapy	0.34	1.174	1.000	1.01	0.00	0.40
055	Podiatry	0.35	1.174	1.000	1.01	0.00	0.41
056	Ambulatory Surgery	0.12	1.174	1.000	1.01	0.00	0.14
057	Chiropractic	0.95	1.174	1.000	1.01	0.00	1.13
058	Audiology	0.14	1.174	1.000	1.01	0.00	0.17
062	Chemical Dependency	4.55	1.174	1.030	1.01	0.00	5.56
063	CD Extended Care / Halfway House	0.91	1.174	1.000	1.01	0.00	1.08
072	Hospice	1.93	1.174	1.000	1.01	0.00	2.28
074	Inpatient Hospital 45 Day Psych Contract	0.58	1.174	1.000	1.01	0.00	0.69
075	Eyeglasses / Contact Lenses	2.40	1.174	1.000	1.01	0.00	2.85
076	Prosthetics and Orthotics	1.47	1.174	1.000	1.01	0.00	1.75
077	Hearing Aids	0.75	1.174	1.000	1.01	0.00	0.89
078	Vision Care	1.38	1.174	1.000	1.01	0.00	1.64
079	Radiology, Technical Component	11.45	1.174	1.000	1.01	0.00	13.58
080	Laboratory	1.30	1.174	1.000	1.01	0.00	1.54
082	Federal Qualified Health Contract Service	0.49	1.174	1.000	1.01	0.00	0.58
083	Rural Health Clinic Services	0.83	1.174	1.000	1.01	0.00	0.98
087	End-Stage Renal Dialysis	1.39	1.174	1.000	1.01	0.00	1.65
088	Public Health Nursing	0.32	1.174	1.000	1.01	0.00	0.38
090	Nurse Midwife Services	0.01	1.174	1.000	1.01	0.00	0.01
091	Nurse Practitioner Services	0.28	1.174	1.000	1.01	0.00	0.34
999	Unable to Define	0.59	1.174	1.000	1.01	0.00	0.70
	Total without Prescription Drugs	<u>\$269.73</u>					<u>\$325.05</u>
	Prescription Drugs	396.40	1.295	0.027	1.01	0.00	14.00
	Spenddown	<u>15.77</u>					<u>2.87</u>
	Grand Total	<u>\$681.89</u>					<u>\$341.92</u>
	2005 Eligible Months	243,034					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2008 Rates

Population: Single Eligibles, Metro Counties, Institutional

COS	Description	DHS Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Trended PMPM
001	Inpatient Hospital General	\$693.66	1.174	1.260	0.87	0.00	\$892.88
006	Rehabilitation	7.32	1.174	1.000	0.87	0.00	7.48
007	Outpatient Hospital Services	64.76	1.174	1.000	0.87	0.00	66.15
014	Inpatient Hospital IMD	1.98	1.174	1.000	0.87	0.00	2.02
015	Inpatient Long Term Hospital	8.70	1.174	1.220	0.87	0.00	10.84
020	Home Health Services	0.73	1.000	1.030	0.87	0.00	0.65
032	Medical Supply / DME	77.77	1.174	1.000	0.87	0.00	79.45
036	Transport, Special	40.18	1.174	1.000	0.87	0.00	41.05
037	Transport, Ambulance	57.90	1.174	1.000	0.87	0.00	59.15
040	Child and Teen Checkup	0.05	1.174	1.000	0.87	0.00	0.05
041	Anesthesia	9.34	1.174	1.000	0.87	0.00	9.55
043	Physician Services	162.01	1.174	1.000	0.87	0.00	165.51
045	Dental	19.07	1.174	1.000	0.87	0.00	19.49
046	Mental Health	42.94	1.174	1.014	0.87	0.00	44.48
051	Physical Therapy	46.12	1.174	1.000	0.87	0.00	47.12
053	Speech Therapy	15.09	1.174	1.000	0.87	0.00	15.42
054	Occupational Therapy	40.90	1.174	1.000	0.87	0.00	41.79
055	Podiatry	2.44	1.174	1.000	0.87	0.00	2.49
056	Ambulatory Surgery	0.54	1.174	1.000	0.87	0.00	0.56
057	Chiropractic	0.09	1.174	1.000	0.87	0.00	0.09
058	Audiology	0.70	1.174	1.000	0.87	0.00	0.72
062	Chemical Dependency	3.50	1.174	1.030	0.87	0.00	3.68
063	CD Extended Care / Halfway House	0.02	1.174	1.000	0.87	0.00	0.03
072	Hospice	2.44	1.174	1.000	0.87	0.00	2.49
074	Inpatient Hospital 45 Day Psych Contract	21.18	1.174	1.000	0.87	0.00	21.64
075	Eyeglasses / Contact Lenses	2.24	1.174	1.000	0.87	0.00	2.29
076	Prosthetics and Orthotics	14.46	1.174	1.000	0.87	0.00	14.77
077	Hearing Aids	1.50	1.174	1.000	0.87	0.00	1.53
078	Vision Care	2.46	1.174	1.000	0.87	0.00	2.51
079	Radiology, Technical Component	54.96	1.174	1.000	0.87	0.00	56.14
080	Laboratory	35.13	1.174	1.000	0.87	0.00	35.89
082	Federal Qualified Health Contract Service	7.83	1.174	1.000	0.87	0.00	8.00
083	Rural Health Clinic Services	0.02	1.174	1.000	0.87	0.00	0.02
087	End-Stage Renal Dialysis	17.62	1.174	1.000	0.87	0.00	18.00
090	Nurse Midwife Services	0.02	1.174	1.000	0.87	0.00	0.02
091	Nurse Practitioner Services	8.78	1.174	1.000	0.87	0.00	8.97
	Total without Prescription Drugs	<u>\$1,464.46</u>					<u>\$1,682.92</u>
	Prescription Drugs	706.17	1.295	1.000	0.87	0.64	796.26
	Spenddown	<u>2.63</u>					<u>0.94</u>
	Grand Total	<u>\$2,173.26</u>					<u>\$2,480.12</u>
	2005 Eligible Months	8,584					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2008 Rates

Population: Single Eligibles, Non-Metro Counties, Institutional

COS	Description	DHS Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Trended PMPM
001	Inpatient Hospital General	\$551.80	1.174	1.260	0.87	0.00	\$710.28
006	Rehabilitation	9.84	1.174	1.000	0.87	0.00	10.05
007	Outpatient Hospital Services	53.00	1.174	1.000	0.87	0.00	54.14
014	Inpatient Hospital IMD	6.41	1.174	1.000	0.87	0.00	6.54
015	Inpatient Long Term Hospital	17.31	1.174	1.220	0.87	0.00	21.58
020	Home Health Services	0.62	1.000	1.030	0.87	0.00	0.56
032	Medical Supply / DME	73.25	1.174	1.000	0.87	0.00	74.83
036	Transport, Special	68.56	1.174	1.000	0.87	0.00	70.04
037	Transport, Ambulance	43.38	1.174	1.000	0.87	0.00	44.31
040	Child and Teen Checkup	0.03	1.174	1.000	0.87	0.00	0.04
041	Anesthesia	8.87	1.174	1.000	0.87	0.00	9.06
043	Physician Services	154.67	1.174	1.000	0.87	0.00	158.01
045	Dental	18.46	1.174	1.000	0.87	0.00	18.86
046	Mental Health	27.24	1.174	1.014	0.87	0.00	28.22
051	Physical Therapy	46.48	1.174	1.000	0.87	0.00	47.49
053	Speech Therapy	12.94	1.174	1.000	0.87	0.00	13.22
054	Occupational Therapy	39.25	1.174	1.000	0.87	0.00	40.10
055	Podiatry	0.90	1.174	1.000	0.87	0.00	0.92
056	Ambulatory Surgery	1.27	1.174	1.000	0.87	0.00	1.30
057	Chiropractic	0.28	1.174	1.000	0.87	0.00	0.29
058	Audiology	0.42	1.174	1.000	0.87	0.00	0.43
062	Chemical Dependency	4.38	1.174	1.030	0.87	0.00	4.60
063	CD Extended Care / Halfway House	0.00	1.174	1.000	0.87	0.00	0.00
072	Hospice	4.13	1.174	1.000	0.87	0.00	4.22
074	Inpatient Hospital 45 Day Psych Contract	15.53	1.174	1.000	0.87	0.00	15.86
075	Eyeglasses / Contact Lenses	2.18	1.174	1.000	0.87	0.00	2.23
076	Prosthetics and Orthotics	21.35	1.174	1.000	0.87	0.00	21.82
077	Hearing Aids	0.47	1.174	1.000	0.87	0.00	0.48
078	Vision Care	2.12	1.174	1.000	0.87	0.00	2.17
079	Radiology, Technical Component	54.63	1.174	1.000	0.87	0.00	55.81
080	Laboratory	31.75	1.174	1.000	0.87	0.00	32.43
082	Federal Qualified Health Contract Service	1.61	1.174	1.000	0.87	0.00	1.64
083	Rural Health Clinic Services	8.06	1.174	1.000	0.87	0.00	8.23
087	End-Stage Renal Dialysis	12.85	1.174	1.000	0.87	0.00	13.13
088	Public Health Nursing	0.01	1.174	1.000	0.87	0.00	0.01
090	Nurse Midwife Services	0.02	1.174	1.000	0.87	0.00	0.02
091	Nurse Practitioner Services	4.16	1.174	1.000	0.87	0.00	4.25
	Total without Prescription Drugs	<u>\$1,298.23</u>					<u>\$1,477.17</u>
	Prescription Drugs	586.16	1.295	1.000	0.87	0.64	661.05
	Spenddown	<u>2.26</u>					<u>0.80</u>
	Grand Total	<u>\$1,886.65</u>					<u>\$2,139.02</u>
	2005 Eligible Months	4,546					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2008 Rates

Population: Single Eligibles, Metro Counties, Community

COS	Description	DHS Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Trended PMPM
001	Inpatient Hospital General	\$337.31	1.174	1.260	1.01	0.00	\$504.06
006	Rehabilitation	6.65	1.174	1.000	1.01	0.00	7.89
007	Outpatient Hospital Services	44.96	1.174	1.000	1.01	0.00	53.32
014	Inpatient Hospital IMD	0.89	1.174	1.000	1.01	0.00	1.06
015	Inpatient Long Term Hospital	13.08	1.174	1.220	1.01	0.00	18.92
020	Home Health Services	16.90	1.000	1.030	1.01	0.00	17.58
029	RTC - Mental Health	2.74	1.174	1.000	1.01	0.00	3.25
032	Medical Supply / DME	37.39	1.174	1.000	1.01	0.00	44.35
036	Transport, Special	5.18	1.174	1.000	1.01	0.00	6.14
037	Transport, Ambulance	15.14	1.174	1.000	1.01	0.00	17.96
040	Child and Teen Checkup	0.05	1.174	1.000	1.01	0.00	0.05
041	Anesthesia	4.82	1.174	1.000	1.01	0.00	5.71
043	Physician Services	107.29	1.174	1.000	1.01	0.00	127.24
045	Dental	11.88	1.174	1.000	1.01	0.00	14.09
046	Mental Health	67.78	1.174	1.014	1.01	0.00	81.51
051	Physical Therapy	3.38	1.174	1.000	1.01	0.00	4.00
053	Speech Therapy	0.77	1.174	1.000	1.01	0.00	0.91
054	Occupational Therapy	2.18	1.174	1.000	1.01	0.00	2.59
055	Podiatry	0.93	1.174	1.000	1.01	0.00	1.10
056	Ambulatory Surgery	1.20	1.174	1.000	1.01	0.00	1.42
057	Chiropractic	0.67	1.174	1.000	1.01	0.00	0.79
058	Audiology	0.20	1.174	1.000	1.01	0.00	0.24
062	Chemical Dependency	11.33	1.174	1.030	1.01	0.00	13.85
063	CD Extended Care / Halfway House	1.56	1.174	1.000	1.01	0.00	1.85
072	Hospice	6.78	1.174	1.000	1.01	0.00	8.04
074	Inpatient Hospital 45 Day Psych Contract	31.56	1.174	1.000	1.01	0.00	37.43
075	EyeGlasses / Contact Lenses	1.99	1.174	1.000	1.01	0.00	2.36
076	Prosthetics and Orthotics	3.92	1.174	1.000	1.01	0.00	4.65
077	Hearing Aids	0.40	1.174	1.000	1.01	0.00	0.48
078	Vision Care	1.11	1.174	1.000	1.01	0.00	1.31
079	Radiology, Technical Component	37.98	1.174	1.000	1.01	0.00	45.05
080	Laboratory	16.82	1.174	1.000	1.01	0.00	19.95
082	Federal Qualified Health Contract Service	16.98	1.174	1.000	1.01	0.00	20.13
083	Rural Health Clinic Services	0.07	1.174	1.000	1.01	0.00	0.08
087	End-Stage Renal Dialysis	8.28	1.174	1.000	1.01	0.00	9.82
088	Public Health Nursing	0.15	1.174	1.000	1.01	0.00	0.17
090	Nurse Midwife Services	0.12	1.174	1.000	1.01	0.00	0.14
091	Nurse Practitioner Services	1.65	1.174	1.000	1.01	0.00	1.96
999	Unable to Define	0.01	1.174	1.000	1.01	0.00	0.01
	Total without Prescription Drugs	<u>\$822.09</u>					<u>\$1,081.46</u>
	Prescription Drugs	271.65	1.295	1.000	1.01	0.64	355.94
	Spenddown	<u>6.96</u>					<u>1.72</u>
	Grand Total	<u>\$1,100.69</u>					<u>\$1,439.12</u>
	2005 Eligible Months	235,448					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2008 Rates

Population: Single Eligibles, Non-Metro Counties, Community

COS	Description	DHS Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Trended PMPM
001	Inpatient Hospital General	\$261.13	1.174	1.260	1.01	0.00	\$390.22
006	Rehabilitation	7.72	1.174	1.000	1.01	0.00	9.16
007	Outpatient Hospital Services	49.95	1.174	1.000	1.01	0.00	59.24
014	Inpatient Hospital IMD	7.38	1.174	1.000	1.01	0.00	8.75
015	Inpatient Long Term Hospital	10.08	1.174	1.220	1.01	0.00	14.58
020	Home Health Services	19.64	1.000	1.030	1.01	0.00	20.43
029	RTC - Mental Health	17.15	1.174	1.000	1.01	0.00	20.34
032	Medical Supply / DME	40.04	1.174	1.000	1.01	0.00	47.48
036	Transport, Special	6.28	1.174	1.000	1.01	0.00	7.45
037	Transport, Ambulance	15.83	1.174	1.000	1.01	0.00	18.77
040	Child and Teen Checkup	0.05	1.174	1.000	1.01	0.00	0.05
041	Anesthesia	6.12	1.174	1.000	1.01	0.00	7.26
043	Physician Services	116.73	1.174	1.000	1.01	0.00	138.43
045	Dental	14.87	1.174	1.000	1.01	0.00	17.64
046	Mental Health	79.84	1.174	1.014	1.01	0.00	96.02
051	Physical Therapy	4.43	1.174	1.000	1.01	0.00	5.25
053	Speech Therapy	0.58	1.174	1.000	1.01	0.00	0.69
054	Occupational Therapy	1.31	1.174	1.000	1.01	0.00	1.55
055	Podiatry	1.01	1.174	1.000	1.01	0.00	1.20
056	Ambulatory Surgery	2.25	1.174	1.000	1.01	0.00	2.67
057	Chiropractic	1.35	1.174	1.000	1.01	0.00	1.60
058	Audiology	0.18	1.174	1.000	1.01	0.00	0.21
062	Chemical Dependency	9.01	1.174	1.030	1.01	0.00	11.00
063	CD Extended Care / Halfway House	1.14	1.174	1.000	1.01	0.00	1.35
072	Hospice	5.40	1.174	1.000	1.01	0.00	6.41
074	Inpatient Hospital 45 Day Psych Contract	13.45	1.174	1.000	1.01	0.00	15.95
075	Eyeglasses / Contact Lenses	2.43	1.174	1.000	1.01	0.00	2.88
076	Prosthetics and Orthotics	4.90	1.174	1.000	1.01	0.00	5.81
077	Hearing Aids	0.62	1.174	1.000	1.01	0.00	0.74
078	Vision Care	1.67	1.174	1.000	1.01	0.00	1.98
079	Radiology, Technical Component	44.87	1.174	1.000	1.01	0.00	53.22
080	Laboratory	18.72	1.174	1.000	1.01	0.00	22.20
082	Federal Qualified Health Contract Service	2.04	1.174	1.000	1.01	0.00	2.42
083	Rural Health Clinic Services	3.75	1.174	1.000	1.01	0.00	4.45
087	End-Stage Renal Dialysis	2.88	1.174	1.000	1.01	0.00	3.42
088	Public Health Nursing	0.46	1.174	1.000	1.01	0.00	0.54
090	Nurse Midwife Services	0.05	1.174	1.000	1.01	0.00	0.05
091	Nurse Practitioner Services	2.20	1.174	1.000	1.01	0.00	2.61
	Total without Prescription Drugs	<u>\$777.51</u>					<u>\$1,004.02</u>
	Prescription Drugs	347.68	1.295	1.000	1.01	0.64	455.40
	Spenddown	5.85					1.36
	Grand Total	<u>\$1,131.03</u>					<u>\$1,460.78</u>
	2005 Eligible Months	178,307					

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Appendix 3

SNBC NF Add-On Rate Development

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Appendix 3
Special Needs BasicCare
100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2008
Single Eligible Population

	CY 2008
NF Add-On	\$12.67
Per Diem	\$168.28
Monthly Freq	0.125%

Year	Month	(1) Monthly Enrollment	(2) Total NF Add- On Paid to Health Plans	(3) Admissions	(4) NF Days for Admissions in Month by Contract Period - CY2008	(5) Health Plan Payments to NF for Admissions in Month by Contract Period - CY 2008
2008	January	500	6,335	0.6250	72.0	7,573
	February	500	6,335	0.6250	72.0	7,573
	March	500	6,335	0.6250	72.0	7,573
	April	550	6,969	0.6875	72.0	8,330
	May	550	6,969	0.6875	72.0	8,330
	June	550	6,969	0.6875	72.0	8,330
	July	600	7,603	0.7500	72.0	9,087
	August	600	7,603	0.7500	72.0	9,087
	September	600	7,603	0.7500	72.0	9,087
	October	650	8,236	0.8125	54.6	7,459
	November	650	8,236	0.8125	35.0	4,781
	December	650	8,236	0.8125	12.6	1,722
Sub Total		6,900	\$87,429		61.3	\$88,932

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Appendix 3
Special Needs BasicCare
100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2008
Dual Eligible Population

	CY 2008
NF Add-On	\$10.20
Per Diem	\$168.28
Monthly Freq	0.125%

Year	Month	(1) Monthly Enrollment	(2) Total NF Add- On Paid to Health Plans	(3) Admissions	(4) NF Days for Admissions in Month by Contract Period - CY2008	(5) Health Plan Payments to NF for Admissions in Month by Contract Period - CY 2008
2008	January	500	5,102	0.6250	58.0	6,100
	February	500	5,102	0.6250	58.0	6,100
	March	500	5,102	0.6250	58.0	6,100
	April	550	5,612	0.6875	58.0	6,710
	May	550	5,612	0.6875	58.0	6,710
	June	550	5,612	0.6875	58.0	6,710
	July	600	6,122	0.7500	58.0	7,320
	August	600	6,122	0.7500	58.0	7,320
	September	600	6,122	0.7500	58.0	7,320
	October	650	6,632	0.8125	43.9	6,009
	November	650	6,632	0.8125	28.2	3,852
	December	650	6,632	0.8125	10.1	1,387
Sub Total		6,900	\$70,404		49.4	\$71,640

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Appendix 3
Special Needs BasicCare
100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2008
Single Eligible Population

Rate Component	2008
Section A	
Monthly Claim Frequency (Rounded)	0.125%
(x) Truncated Medicaid Length of Stay	61.3
(x) Charge per Day	<u>\$168.28</u>
= Initial Rate (1)	\$12.89
Section B	
2008 NF \$ for 2007 Admits	\$0
(/) 2008 Eligible Months	<u>6,900</u>
= Tail Rate (2)	\$0.00
Section C	
2007 Enrollment Adjustment	\$0
(/) 2008 Eligible Months	<u>6,900</u>
= 2007 Enrollment Adjustment Rate (3)	\$0.00
Section D	
Initial Base Rate = (1)+(2)+(3)	\$12.89
Disenrollment Fee Adjustment	<u>0.983</u>
Final Base Rate	\$12.67

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Appendix 3
Special Needs BasicCare
100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2008
Dual Eligible Population

Rate Component	2008
Section A	
Monthly Claim Frequency (Rounded)	0.125%
(x) Truncated Medicaid Length of Stay	49.4
(x) Charge per Day	<u>\$168.28</u>
= Initial Rate (1)	\$10.38
Section B	
2008 NF \$ for 2007 Admits	\$0
(/) 2008 Eligible Months	<u>6,900</u>
= Tail Rate (2)	\$0.00
Section C	
2007 Enrollment Adjustment	\$0
(/) 2008 Eligible Months	<u>6,900</u>
= 2007 Enrollment Adjustment Rate (3)	\$0.00
Section D	
Initial Base Rate = (1)+(2)+(3)	\$10.38
Disenrollment Fee Adjustment	<u>0.983</u>
Final Base Rate	\$10.20

This material assumes that the reader is familiar with Minnesota Medicaid programs, their benefits, eligibility, administration and other factors. The material was prepared solely to provide assistance to the State of Minnesota in setting rates for capitated programs. 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.