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Eric P. Goetsch, FSA
Principal and Consulting Actuary

December 18, 2010

**Capitated Contracts Ratesetting
Actuarial Certification
Special Needs BasicCare**

I, Eric P. Goetsch, am associated with the firm of Milliman, Inc. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I have been retained by the Minnesota Department of Human Services (DHS) to perform an actuarial certification of the capitation rates for the rating period of January 1, 2011 through December 31, 2011 for the Special Needs BasicCare (SNBC) population.

I reviewed the actuarial assumptions and actuarial methods used to develop payment rates for the contract period of January 1, 2011 through December 31, 2011 for SNBC. The payment rates, methodology, data, and assumptions used to calculate the 2011 rates are documented in our report to DHS of December 6, 2010 which is attached to this certification.

In making my opinion, I relied on the accuracy of the data and information provided by DHS. I performed no independent verification as to the accuracy or completeness of this data and information. I did review the data for reasonableness and consistency within the years for the experience period. A reliance letter signed by DHS is attached and forms part of this opinion. In other respects, my examination included such review of the underlying assumptions and methods used and such tests of the calculations as I considered necessary.

In my opinion, the payment rates identified above are actuarially sound in that they:

1. Have been developed in accordance with generally accepted actuarial principles and practices and Actuarial Standards of Practice,
2. Are appropriate for the populations to be covered and the services furnished, and
3. Meet the actuarial requirements of the regulation in 42 CFR 438.6(c)(3).

Actuarial methods, considerations, and analyses used in forming my opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, whose standards form the basis of this Statement of Opinion.

It should be emphasized that capitation rates are a projection of future costs based on a set of assumptions. Actual costs might differ from these projections and will be dependent on each contracted health plan's situation and experience.

This certification is intended solely for the use of DHS and the federal agencies to which this certification must be submitted. This certification should not be relied upon by other parties. This Opinion assumes the reader is familiar with the Minnesota Medicaid program, SNBC, Minnesota's home and community based waivers, Medicaid eligibility rules, and actuarial rating techniques. The reader should be advised



by actuaries or other professionals competent in the area of actuarial rate projections of the type in this Opinion, so as to properly interpret the results.

Eric Goetsch

Eric P. Goetsch
Member, American Academy of Actuaries

Date: December 18, 2010



Minnesota Department of **Human Services**

December 17, 2010

Mr. Eric Goetsch, FSA, MAAA
Milliman, Inc.
15800 Bluemound Road, Suite 400
Brookfield, WI 53005-6069

RE: Data Reliance for 2011 Special Needs BasicCare Capitation Rates

Dear Eric:

I, Pam Parker, Director of Special Needs Purchasing, hereby affirm that the listings and summaries prepared and submitted to Milliman, Inc. were prepared under my direction, and to the best of my knowledge and belief are accurate and complete. These listings and summaries include:

1. Fee-for-service claims data from the period of January 1, 2005 through December 31, 2005. The payments for this period were allocated by Category of Service (COS) and included payment amounts reimbursed by the state of Minnesota as well as those which were patient liability (spenddown) amounts.
2. Certain cost information was not provided with the original data set and was subsequently sent to Milliman. This information included utilization and cost per vaccination/dose for the Zostavax vaccine and Gardasil, costs for dialectical behavioral therapy and health care home care coordination, and utilization and cost estimates for mental health targeted case management.
3. Population counts, categorized into Special Needs BasicCare (SNBC) rate cells. The county of residence and eligibility status as either Medicaid only or dual eligible was included. In addition to the historical enrollment for calendar year 2005, we provided Milliman with recent enrollment counts for the purpose of developing aggregate monthly cost projections for CMS.
4. Annual trend, cost of living adjustment, and inpatient hospital rebasing information supplied by the Reports and Forecasting division of Minnesota Department of Human Services (DHS) to project the fee-for-service data to be used in the calculation of capitation rates for subsequent years.
5. Assumptions for utilization savings and requirements for administrative cost and margin.

5. Assumptions for utilization savings and requirements for administrative cost and margin.
6. Information on fee-for-service prescription drug claims which identified the percentage of costs expected to be covered under Medicare Part D and the percentage of costs that will remain the responsibility of the contracted health plans.
7. SNBC PINs risk scores provided for the purpose of developing aggregate monthly cost projections for CMS.
8. Over-prediction and under-prediction errors that result when applying the risk weights to institutionalized and community populations of disabled individuals and to non-developmentally disabled populations.
9. Medicaid copay changes since 2005.
10. A summary of the 2009 legislative and unallotment changes impacting calendar year (CY) 2009 and CY 2010 contracts.
11. Data files containing information to measure the impact of the required physician, basic care, and inpatient ratable reductions.
12. Information on the number of births within the SNBC PINs program.
13. Results of analyses performed by the Reports and Forecasting division of DHS regarding the introduction of provider rate reductions for home care services and the suspension of nursing facility rebasing.
14. Information regarding the legislative changes regarding dental services.
15. Required percentage adjustments for medical education research cost (MERC), differential hospital utilization (DHU), legislated premium tax, and withhold arrangements.
16. A summary of the 2010 legislative and unallotment changes impacting CY 2011 contracts.
17. Information concerning Health Care Home populations and per member per month values.
18. Fee-for-service utilization data and cost information for the Varicella vaccine.

I affirm that the above information and any other related data submitted to Milliman, Inc. are, to the best of my knowledge and belief, accurately stated.


Name

12-17-2010

Date



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Eric P. Goetsch, FSA
Principal and Consulting Actuary

December 6, 2010

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

RE: Rate Development for SNBC non-PINs for Calendar Year 2011

Dear Pam:

The attached report describes the development of the rates for the Special Needs BasicCare (SNBC) program for the calendar year 2011 contract period. The rates in this report are for the non-Preferred Integrated Networks (non-PINs).

Sincerely,

A handwritten signature in black ink that reads "Eric Goetsch".

Eric Goetsch, FSA, MAAA
Principal and Consulting Actuary

EPG/zh

Attachments



**Special Needs BasicCare
Base Rate Development For Calendar Year 2011
Non-PINs**

Prepared for:
Minnesota Department of Human Services

Prepared by:
Milliman, Inc.

Eric P. Goetsch, FSA
Principal and Consulting Actuary

Roman G. Kelly
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- Appendix 1: SNBC 2011 Base Rate Tables
- Appendix 2: SNBC PMPM Cost Models
- Appendix 3: SNBC 2011 NF Add-On Rate Development

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.

Special Needs BasicCare
Base Rate Development for Calendar Year 2011 - Non-PINs

December 6, 2010

I. INTRODUCTION

This report documents the calendar year (CY) 2011 base rate development for the Special Needs BasicCare (SNBC) program. The rates in this report are for the non-Preferred Integrated Networks (non-PINs). 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 layout of this report was structured so as to describe all the information used to develop the CY 2011 base rates from the 2005 base experience while at the same time distinguishing the developmental components for the CY 2009 rate development, October through December 2009 rate adjustment, CY 2010 rate development, September through December 2010 rate adjustment, and the CY 2011 rate development. This approach was taken to allow the user to more easily understand what adjustments were new to the 2011 rate development.

The CY 2011 payments to health plans will be a product of the base rates included in this report and the risk factors developed by both Greg Gifford of the Minnesota Department of Health (acute risk factors) and by Milliman (mental health targeted case management risk factors). 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.

Overall, the aggregate CY 2011 SNBC base rates reflect an approximately 10.9% increase over the corresponding September through December 2010 SNBC base rates, with approximately 3.8% of this increase resulting from the change in mental health targeted case management (MH-TCM) pricing assumptions described later in this report. Due to risk adjustment and varying population mixes, the increase or decrease in rates PMPM from CY 2010 to CY 2011 will vary by plan.

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 2011 (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 2011 experience will vary from these estimates.

We relied on data and information supplied to us by DHS. We did not audit or attempt 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 2011 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.

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.

II. 2005 BASE EXPERIENCE

Base rates for the SNBC program are based on projections of historical fee-for-service Medicaid data for eligibles with disabilities.

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.

BASE RATE CALCULATION METHODOLOGY

The base rate development is based on CY 2005 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 CY 2011 base rates in Appendix 1 are net of third party collections since third party revenues were removed from the 2005 fee-for-service cost experience.

The 2005 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.

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.

Table 1
Special Needs BasicCare
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

SPENDDOWN

Enrollees with medical spenddowns are required to prepay their monthly spenddown amount to DHS, which in turn passes the spenddown amounts through to the MCOs. The enrollee must meet this monthly obligation in order to retain enrollment in MnDHO-PD.

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.

Three 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. Per DHS, 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 one and a half month's spenddown was estimated and deducted from all base rates. This adjustment was made since DHS assumes 50% of SNBC enrollees with a spenddown requirement will disenroll after the 90-day grace period without having paid their spenddown.

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. As a result, Table 2 reflects only the medical spenddown for both community and institutionalized enrollees.

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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 one and a half 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.

Table 2 Special Needs BasicCare Spenddown Amounts Added to the Base Rates			
Population		Spenddown PMPM	
Duals	Institutional	Metro	\$0.86
		Non-Metro	0.46
	Community	Metro	6.91
		Non-Metro	3.40
Non-Duals	Institutional	Metro	1.13
		Non-Metro	0.96
	Community	Metro	2.12
		Non-Metro	1.68

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III. 2009 RATE DEVELOPMENT

For the 2009 rate development, the aggregate base rates were trended to the center of the CY 2009 rating period. The base rates were adjusted to reflect differences in the fee-for-service cost data for geographical region, institutional status, benefit changes, and eligibility for Medicaid only vs. eligibility for both Medicare and Medicaid. The trends were consistent with historical and projected trends of budgeted costs from the Reports and Forecast Division of DHS.

ANNUAL TRENDS, COST OF LIVING ADJUSTMENTS, AND REBASING ADJUSTMENTS

The fee-for-service costs were trended to the center of the CY 2009 contract period using annual trend assumptions, based on data provided by DHS, of 0.9% for Home Health Agency (HHA) services, 5.6% 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 CY 2009 base rates based on information provided by DHS:

- > PMPM costs for COS 046 were increased 1.8% 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 (1.8% = 4.0% x 46.0%).
- > PMPM costs for COS 020 (home health), 051 (physical therapy), 053 (speech therapy), 054 (occupational therapy), and 062 (chemical dependency) were increased 4.0% to reflect 2.0% COLAs effective January 1, 2008 and July 1, 2008.
- > 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.

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 due to increased managed care efforts. DHS assumed administrative expenses and margin to be 6.4% and 0.5% of medical expenses, respectively. These three factors combine to a net savings assumption of 0.0% from fee-for-service benefit costs. Table 3 contains a summary of these assumptions.

Table 3 Special Needs BasicCare Savings Assumptions	
	Assumed
Utilization Reduction	6.5%
Administrative Expense	6.4%
Margin	0.5%
Net Savings	0.0%
<i>Net Savings Calculation: $(1.00 - 0.065) \times (1.00 + 0.064) \times (1.00 + 0.005) - 1 = 0.000$</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 2009 base rates and risk factors remained budget neutral while better accommodating future population mixes that are different than the population mix used to develop the risk scores. These bias factors were calculated by Greg Gifford.

EXTENDED CHEMICAL DEPENDENCY TREATMENT

The chemical dependency delivery system was 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.) were eliminated and a new assessment tool and protocol were put in place January 1, 2008. MCOs were then responsible for all levels of treatment determined necessary during the assessment/reassessment process. Costs for chemical dependency services COS 062 and 063 were subsequently included in the rates. Chemical dependency housing costs are also the health plans' responsibility; however, plans are reimbursed outside of the SNBC capitation for these costs for COS 063.

MEDICARE ADJUSTMENT FOR PRESCRIPTION DRUGS

Medicare provides 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 is not covered by Medicare. Therefore, fee-for-service costs were 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) is covered under SNBC for single eligibles (it is covered under the federal Part D for dual eligibles). MCOs are 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.

For the 2009 rate development, DHS estimated 11.0% of the SNBC single eligible population would be ages 60 to 64. We assumed 30% of this population would obtain the one-time Zostavax vaccine in 2009 at a cost of \$189.78 per vaccination, resulting in a cost of \$0.52 PMPM ($0.110 \times 0.30 \times \$189.78 / 12$). This cost was included in the 2009 prescription base rates.

The required rate adjustment to reflect the assumed percentage of the population who will receive the one-time Zostavax vaccine in 2010 is made in the CY 2010 Rate Development section of this report.

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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.

ADJUSTMENTS FOR MENTAL HEALTH TARGETED CASE MANAGEMENT

On July 1, 2009, SNBC began covering mental health targeted case management (MH-TCM) services that were previously covered via fee-for-service. Table 4 contains the percentage of SNBC eligibles who received MH-TCM services via fee-for-service in 2007, the 2007 PMPM MH-TCM cost for the MH-TCM eligibles, and the 2007 PMPM MH-TCM cost across all SNBC eligibles. In Appendix 2, these amounts are adjusted to reflect an estimated 7% increase in utilization due to an expansion of the MH-TCM eligibility criteria and an additional 5% increase in utilization for trend from 2007 to 2009. These amounts are not included in the base rates and therefore will not be risk adjusted. Instead, the MH-TCM amounts are included in the rates as an add-on and were only included in the rates for July 2009 through December 2009.

Table 4 Special Needs BasicCare 2007 Mental Health Targeted Case Management Experience			
Eligibility	% of SNBC Eligibles Receiving MH-TCM Services in 2007	2007 PMPM Costs for MH-TCM Eligibles	2007 PMPM Costs for All SNBC Eligibles
Duals	16.5%	\$340.66	\$56.21
Non-Duals	13.3%	\$383.82	\$51.05

DIALECTICAL BEHAVIORAL THERAPY

On January 1, 2009, DHS began covering the cost of dialectical behavioral therapy (DBT) services. DHS estimated the cost of these services for 2009 would be approximately \$800,000. These costs were expected to occur almost exclusively within the disabled population, which was expected to be approximately 100,000 eligibles in 2009. Therefore, the expected 2009 cost of DBT services was \$0.67 PMPM ($\$0.67 \text{ PMPM} = \$800,000 / (100,000 \times 12)$). This amount is included in the base rates contained in Appendix 2 and is risk adjusted.

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.

MEDICAID COPAY CHANGES

Medicaid copays have been reduced since the 2005 fee-for-service base year. In 2005, the maximum prescription drug copay per month was \$12. For 2009, this amount was reduced to \$7 per month. According to State law, fee-for-service reimbursement rates may not be increased due to the reduction of these copay maximums. Likewise, payments to managed care plans may not be increased, presumably because managed care organizations are expected to follow suit by not adjusting provider reimbursement rates to compensate for this reduction in copays. Therefore, an explicit increase was not included in the rate development for the reduction in copays.

However, to conform to federal requirements, the rates were adjusted to account for monthly copays on prescription drugs and non-emergency visits to the emergency room being limited to 5% of family income for individuals at or below 100% of the federal poverty guidelines. Based on data from DHS, 0.70% of MA enrollee-months were subject to a copay maximum for the year ending July 2008.

Assuming that copays for non-emergency visits to the emergency room are immaterial, the maximum copay that might be waived for the SNBC population is the \$7 per enrollee per month for prescription drugs. Multiplying this maximum drug copay per month of \$7 by 0.70% gives a benefit cost of \$0.05 PMPM. This cost was added to the prescription drug rates in Appendix 2.

This factor assumes non-emergency visits to the emergency room are immaterial, that all SNBC members will have drug copays of the full maximum of \$7 per month, that all affected enrollees will have the entire copay waived, and that an SNBC enrollee is typical with respect to income among the population represented in the data received from DHS, which includes fee-for-service as well as managed care enrollees.

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.

IV. OCTOBER – DECEMBER 2009 RATE DEVELOPMENT

This section of the report contains documentation of the required adjustments to the 2009 rates for legislative and unallotment changes effective October 1, 2009.

ADJUSTMENT FOR PHYSICIAN AND PROFESSIONAL SERVICES RATABLE REDUCTION AND UNALLOTMENT

This legislative ratable reduction reduced the 2009 payment rates for applicable physician and professional services by 5%. In addition, the unallotment added another 1.5% reduction, for a total reduction of 6.5%. Office and outpatient services, preventive medicine services, and family planning services were exempt from this rate reduction when billed by primary care specialties (general practice, internal medicine, pediatrics, geriatrics, and family practice) or by an advanced practice registered nurse or physician assistant practicing in pediatrics, geriatrics, or family practice. The per member per month (PMPM) adjustment factors in Exhibit 2 reflect a modification to the 6.5% reduction for the categories of service (COS) that contain exempt services based on data provided by DHS.

The physician and professional services ratable reduction did not apply to the Medicare cost sharing portion of the rates for dual eligible individuals. Therefore, the PMPM ratable reductions in Exhibit 2 also include adjustments to reflect the portion of the rate for each COS that is for covering Medicare cost sharing amounts, as provided by DHS.

ADJUSTMENT FOR BASIC CARE RATABLE REDUCTION AND UNALLOTMENT

This legislative ratable reduction reduced the 2009 payment rates for basic care services by 3%. In addition, the unallotment added another 1.5% reduction, for a total reduction of 4.5%. Physician and professional services, inpatient hospital services, family planning services, mental health services, dental services prescription drugs, medical transportation, Federally Qualified Health Contract services, Rural Health Clinics, and Indian Health Services were exempt from this rate reduction. The PMPM adjustment factors in Exhibit 2 reflect a modification to the 4.5% reduction for the COS that contain exempt services based on data provided by DHS.

The basic care ratable reduction did not apply to the Medicare cost sharing portion of the rates for dual eligible individuals. Therefore, the PMPM ratable reductions in Exhibit 2 also include adjustments to reflect the portion of the rate for each COS that is for covering Medicare cost sharing amounts, as provided by DHS.

ADJUSTMENT FOR INPATIENT RATABLE REDUCTION

This legislative ratable reduction reduced the 2009 payment rates for inpatient hospital admissions occurring on or after July 1, 2009 by 1%. Facilities operated by the Indian Health Service and Indian tribes were exempt from this rate reduction; however, it was estimated that this exemption would not have an impact on the rates for the SNBC population.

The inpatient ratable reduction did not apply to the Medicare cost sharing portion of the rates for dual eligible individuals. Therefore, the PMPM ratable reductions in Exhibit 2 also include adjustments to reflect the portion of the rate for each COS that is for covering Medicare cost sharing amounts, as provided by DHS.

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ADJUSTMENT FOR REIMBURSEMENT RATES FOR BIRTHS – PHYSICIAN SERVICES

Legislation established new professional services payment rates related to labor, delivery, antepartum, and postpartum care for the following diagnostic related groups (DRGs):

- > 371 - Cesarean section deliveries without complications,
- > 372 - Vaginal deliveries with complications, and
- > 373 - Vaginal deliveries without complications

The new rates were required to be consistent with an increase in the proportion of births by vaginal delivery and a reduction in the percentage of births by cesarean section. This legislative change was estimated to not impact the cost of inpatient maternity services for the SNBC population due to the very small number of births within this population.

ADJUSTMENT FOR REIMBURSEMENT RATES FOR BIRTHS – INPATIENT SERVICES

Legislation also established new facility payment rates for births. For admissions occurring on or after October 1, 2009, the total operating and property payment rate, excluding disproportionate population adjustment, was required to be no greater than \$3,528 for the following DRGs:

- > 371 - Cesarean section without complicating diagnosis,
- > 372 - Vaginal delivery with complicating diagnosis, and
- > 373 - Vaginal delivery without complicating diagnosis

The new rates do not apply to newborn care. This legislative change was estimated to not impact the cost of inpatient maternity services for the SNBC population due to the very small number of births within this population.

ADJUSTMENT FOR REDUCTION RELATED TO PROVIDER RATE REDUCTION

The provider rate reduction within the new legislation required a 2.58% reduction in rates for home health services.

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V. 2010 RATE DEVELOPMENT

This section contains documentation of the required adjustments to the October through December 2009 base rates required to develop the CY 2010 base rates.

TRENDS

The 2009 to 2010 trend assumptions, based on data provided by DHS, are -1.0% for Home Health Agency (HHA) services, 5.2% for non-HHA acute care services, and 9.0% for prescription drugs.

ADJUSTMENTS FOR PRESCRIPTION DRUG BENEFITS

Adjustment for Zostavax Vaccine

For the 2009 rate development, \$0.52 PMPM was included in the 2009 prescription base rates for the one-time Zostavax vaccine. For 2009, we assumed 30% of the single eligible, ages 60 to 64 SNBC population would obtain the one-time Zostavax vaccine. For 2010, we assumed 20% of this population would obtain the vaccine and the cost per vaccination would increase 9% from 2009 levels. This results in a projected 2010 Zostavax cost of \$0.38 PMPM ($\$0.38 = \$0.52 / 0.30 \times 0.20 \times 1.09$). This \$0.14 PMPM cost reduction is included in the 2010 prescription base rates in Appendix 1.

Adjustment for Gardasil

The drug Gardasil is covered under SNBC for single eligible males ages 18 to 26 (it is covered under the federal Part D benefit for dual eligibles). MCOs are expected to cover the cost of the drug and administration.

For the 2010 rate development, DHS estimated 2.2% of the SNBC single eligible population would be males ages 18 to 26. DHS also assumed 7% of this population would obtain the three dose Gardasil treatment in 2010 at a cost of \$8.50 per dose, resulting in a cost of \$0.003 PMPM ($\$0.003 = 3 \times \$8.50 \times 0.022 \times 0.07 / 12$). This cost was included in the 2010 prescription base rates.

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ADJUSTMENT FOR DENTAL SERVICES

Effective January 1, 2010, legislation modifies dental coverage for non-pregnant adults as follows:

- > Eliminates coverage for fixed bridges
- > Limits coverage to:
 - comprehensive exams, limited to once every five years
 - periodic exams, once per year
 - limited exams
 - bitewing x-rays, once per year
 - periapical x-rays
 - panoramic x-rays, once every five years and only if certain conditions are met. Allows panoramic x-rays to be provided once every two years to certain patients who cannot cooperate for intra-oral film
 - prophylaxis, once per year
 - application of fluoride varnish, once per year
 - posterior fillings at the amalgam rate
 - anterior fillings
 - endodontics, limited to root canals on the anterior and premolars only
 - removable prostheses, each dental arch limited to one every six years
 - oral surgery, limited to extractions, biopsies, and incision and drainage of abscesses
 - palliative treatment and sedative fillings for relief of pain
 - full mouth debridement, once every five years
- > Provides the following services for adults, if provided in an outpatient hospital setting or freestanding ambulatory surgical center as part of outpatient dental surgery:
 - periodontics, limited to periodontal scaling and root planing once every two years
 - general anesthesia
 - full mouth survey once every five years
- > Provides coverage of dental services for children that are medically necessary, and that the following guidelines apply:
 - posterior fillings are paid at the amalgam rate
 - application of sealants once every five years per permanent molar
 - application of fluoride varnish is limited to once every six months

This change in benefit level was estimated to reduce dental costs by 22.5% for CY 2010, based on information provided by DHS.

ADJUSTMENTS FOR MENTAL HEALTH TARGETED CASE MANAGEMENT

The fee-for-service data used to develop the 2009 rates was based on an underlying assumption that MH-TCM services were performed in 75% of the months for which those eligible for MH-TCM were enrolled. In fee-for-service, counties are responsible for the non-federal share of MH-TCM costs, which can create a fiscal disincentive for providing the services. However, under the MCO contracts, the counties no longer share this financial burden and have a greater incentive to provide an increased level of MH-TCM services. To reflect this, the 2010 rates use an assumption that MH-TCM services will be performed in 85% of the months for which those eligible for MH-TCM were enrolled, resulting in an increase of 13.33% ($0.85 / 0.75 = 1.1333$) to the MH-TCM rates for 2010.

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HEALTH CARE HOME CARE COORDINATION BENEFIT

Beginning July 1, 2010, a new Medicaid benefit is being added for health care home (HCH) care coordination for payments to certified clinics or practitioners meeting new MDH criteria. Payments are to be made for people with one or more chronic conditions. The adjustment to the 2010 rates was based on an analysis of FY 2008 data to determine the presence of chronic conditions within the SNBC population, allocating the population into five categories (zero, one, two, three, or four or more chronic conditions). We determined that due to the number of HCH services that may be certified in 2010 and where members might be served, approximately 1.5 months per person per year with at least one chronic condition could be eligible in 2010.

For the dual population, we assumed there would be no payment for those with one chronic condition since Medicare, as the primary payer, should be fully responsible for the less involved populations. For duals with two or more chronic conditions, we allocated approximately 50% of the estimated value of the Medicaid service because we do not want to supplant Medicare services. Rates for both the community and institutional populations were increased for the HCH benefit.

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VI. SEPTEMBER 2010 THROUGH DECEMBER 2010 RATE DEVELOPMENT

This section of the report contains documentation of the required adjustments to the 2010 rates for legislative changes effective September 1, 2010.

ADJUSTMENT FOR NON-ADMINISTRATIVE MANAGED CARE RATABLE REDUCTION

This legislative ratable reduction language states that the current 2010 payment rates for non-administrative services are to be reduced by 3%. The non-administrative services ratable reduction does not apply to the Medicare cost sharing portion of the rates for dual eligible individuals.

Per the 2010 rate memo, SNBC administrative costs represent approximately 6.4% of the basic care capitation. Thus, for single eligible (i.e., Medicaid only) rates, a 3% reduction to the non-administrative portion of the rates results in an effective 2.81% $[(100\% - 6.4\%) \times 3\%]$ reduction applicable to the entire basic care rate. The per member per month (PMPM) adjustment factors in Appendix 2 reflect this 2.81% reduction for each category of service (COS).

For the dual eligible rates in Appendix 2, the PMPM adjustment factors reflect a reduction for only the portion of cost for each COS that is not Medicare cost sharing, resulting in an effective adjustment that is less than 2.81% for many of the COS.

ADJUSTMENT FOR PHYSICIAN AND PROFESSIONAL SERVICES RATABLE REDUCTION

This legislative ratable reduction language states that the current 2010 payment rates for certain physician and professional services are to be reduced by 7%. The reduction does not apply to physical therapy services, occupational therapy services, speech pathology and related services, and services provided by psychiatrists and advanced practice nurses with a specialty in mental health. In addition, the physician and professional services ratable reduction does not apply to the Medicare cost sharing portion of the rates for dual eligible individuals.

Based on discussion with DHS, we understand this 7% reduction is to be applied in addition to the 5% reduction enacted in October 2009 (i.e., the 1.5% unallotment from October 2009 is included in the 7%), resulting in an effective reduction of approximately 5.5% for these services. We used data provided by DHS, both data that was provided for the October 2009 adjustments and additional data regarding psychiatrists and advanced practice nurses with a specialty in mental health, to develop the required adjustments for September 2010.

The PMPM adjustment factors in Appendix 2 reflect this reduction for the applicable COS. As this adjustment is effective October 1, 2010, we applied three-fourths of the PMPM adjustment we would otherwise apply, to recognize that the new rates are effective September 1, 2010. If an adjustment for a particular COS is less than \$0.005 PMPM, the adjustment will be reflected as \$0.00 PMPM in Appendix 2.

ADJUSTMENT FOR RATE INCREASE FOR THERAPY SERVICES

This legislative language requires the commissioner to classify physical therapy, occupational therapy, and speech language pathology and related services as basic care service and apply the same ratable reduction to these services as other basic care services (4.5%). Since the ratable reduction applied to these services was 6.5% in October 2009, this adjustment effectively increases the payment rates for these services by approximately 2%. This increase does not apply to the Medicare cost sharing portion of the rates for dual eligible individuals. We used data provided by DHS that was provided for the October 2009 adjustments to develop the required adjustments for September 2010.

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The PMPM adjustment factors in Appendix 2 reflect this increase for the applicable COS. As this adjustment is effective October 1, 2010, we applied three-fourths of the PMPM adjustment we would otherwise apply, to recognize that the new rates are effective September 1, 2010. If an adjustment for a particular COS is less than \$0.005 PMPM, the adjustment will be reflected as \$0.00 PMPM in Appendix 2.

ADJUSTMENT FOR INPATIENT RATABLE REDUCTION

The October 2009 rate adjustments reflected a 1% legislative ratable reduction for inpatient services. This rate adjustment was maintained in the CY 2010 rates. In addition, the trends applied to develop the CY 2010 rates reflected an additional 0.9% ratable reduction for inpatient services. Therefore, no additional adjustment needs to be made to the September 2010 rates for ratable reductions related to inpatient services.

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VII. 2011 RATE DEVELOPMENT

As in past years, in 2011 DHS 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 CY 2011 base rates 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, DHS developed a risk factor assignment methodology which acknowledges each enrollee's diagnosis history. The risk factor weights will be provided in a separate document.

The remainder of this section describes the adjustments to the September through December 2010 base rates required to develop the CY 2011 base rates.

TRENDS

The 2010 to 2011 trend assumptions, based on data provided by DHS, are 11.0% for Home Health Agency (HHA) services, 5.0% for non-HHA acute care services, and 9.0% for prescription drugs.

INCREASE IN DENTAL RATES

Effective January 1, 2011 for managed care, state-operated dental clinics are to be paid using a cost-based payment system based on Medicare cost-finding methods and allowable costs. We understand there are currently five such clinics. We used the fiscal note provided by DHS to develop the required rate adjustment.

The fiscal note estimates a payment increase of \$1,185,827 to state operated clinics in FY 2009 dollars for the Medicaid population. DHS indicated that it was reasonable to assume that almost all of the "Medicaid" population in this item of the fiscal note was the MA disabled population, which reflected 1,278,000 member months in FY 2009, of which approximately 49,000 were in managed care (MNDHO, SNBC).

The \$1,185,827 payment increase includes adjustments for a 25% service reduction and an increase related to critical access dental eligibility. We trended the FY09 cost to CY11 at an annual rate of 5%, the trend rate assumed for the fiscal note. Across the entire MA disabled population, the projected CY 2011 cost increase amounts to \$1.05 PMPM ($\$1.05 = \$1,185,827 \times 1.05^{2.5} / 1,278,000$). The PMPM adjustment factors in Appendix 2 reflect this increase for the dental COS.

INPATIENT RATABLE REDUCTIONS

There are two inpatient ratable reductions that affect the 2011 rates.

- > Beginning January 1, 2011, the reduction of 1.9%, currently in place for non-mental health inpatient services, expires and is replaced by a reduction of 1.79%.
- > Beginning July 1, 2011, an additional inpatient rate reduction of 1.96% applies to all inpatient services, including mental health. We applied half of this reduction to the 2011 rates for the entire year to reflect the July 1, 2011 effective date.

The inpatient ratable reductions do not apply to the Medicare cost sharing portion of the rates for dual eligible individuals. Therefore, the PMPM ratable reductions in Exhibit 2 also include adjustments to reflect the portion of the rate for each COS that is for covering Medicare cost sharing amounts, as provided by DHS.

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ADJUSTMENT FOR REMOVAL OF 1.5% BASIC CARE UNALLOTMENT

A legislative ratable reduction reduced the 2009 payment rates for basic care services by 3%. In addition, an unallotment added another 1.5% reduction, for a total reduction of 4.5%. Physician and professional services, inpatient hospital services, family planning services, mental health services, dental services prescription drugs, medical transportation, Federally Qualified Health Contract services, Rural Health Clinics, and Indian Health Services were exempt from this rate reduction. The 2009 PMPM adjustment factors reflected a modification to the 4.5% reduction for the COS that contain exempt services based on data provided by DHS.

The 1.5% unallotment portion of this reduction is sunseting in July 2011. The 2011 PMPM adjustment factors in Exhibit 2 reflect the required increases to the rates to account for this change. Instead of applying the full required adjustment to the rates for the last six months of 2011, we applied half of the required adjustment to the rates for the entire year so as to not have multiple sets of rates in 2011.

As with the original basic care ratable reduction, the adjustments made to remove the 1.5% unallotment did not apply to the Medicare cost sharing portion of the rates for dual eligible individuals. Therefore, the PMPM ratable reductions in Exhibit 2 also include adjustments to reflect the portion of the rate for each COS that is for covering Medicare cost sharing amounts, as provided by DHS.

Please recall that as of September 2010 legislative language requires the commissioner to classify physical therapy, occupational therapy, and speech language pathology and related services as basic care service and apply the same ratable reduction to these services as other basic care services (4.5%). The sunseting of the 1.5% unallotment in July 2011 also applies to these services and the appropriate adjustments were made in Exhibit 2 for these services.

HEALTH CARE HOME

Health Care Home (HCH) payments were required beginning the second half of calendar year 2010. An adjustment was included in the 2010 rates to reflect the increased cost to the MCOs. Per the documentation supplied by DHS, the HCH payment will be required for the entire 2011 contract.

For the 2011 rates, we developed an adjustment that recognizes more current cost and utilization assumptions provided by DHS. The 2011 PMPM adjustments in Appendix 2 reflect the full-year 2011 PMPM costs less the six-month 2010 PMPM costs trended to 2011.

Table 5 contains the projected 2011 enrollment distribution by HCH Tier, based on information provided by DHS for the disabled population.

Table 5 Special Needs BasicCare Projected 2011 Enrollment Distribution for HCH	
Tier	Enrollment Distribution
0	19.26%
1	8.28%
2	23.64%
3	24.76%
4	24.06%
Total	100.00%

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Table 6 contains projected average HCH payments PMPM for enrollees projected to receive services, as provided by DHS. These averages include a 15% add-on for enrollees who have a primary language other than English or a serious and persistent mental illness. Payments for Tier 3 and 4 for SNBC dual eligibles are projected at 50% of the rate for SNBC non-duals due to the involvement of Medicare's care coordination function.

Table 6 Special Needs BasicCare Projected 2011 Average Health Care Home Payments PMPM		
Tier	SNBC Duals	SNBC Non-Duals
0	\$0.00	\$0.00
1	\$10.47	\$10.47
2	\$21.00	\$21.00
3	\$21.06	\$42.12
4	\$31.64	\$63.27

We calculated the weighted average projected payment PMPM for each population, assuming 1.5 months of payments on average per eligible. The 1.5 months of payments was chosen by DHS as its best estimate. This weighted average, assuming 1.5 months of coverage, is \$2.33 and \$3.94 PMPM for SNBC duals and non-duals, respectively.

VARICELLA VACCINE FOR ADULTS

Currently, the varicella (chicken pox) vaccine is a managed care covered service for children up to age 18, while adults aged 19 and up are covered on a FFS basis. DHS has decided to begin covering the vaccine for adults under the managed care programs in 2011. This coverage will include serum costs for individuals over the age of 21. In addition, as with other vaccines, this coverage excludes the costs for individuals living in border counties who receive their vaccines in states other than Minnesota.

DHS provided 2009 fee-for-service utilization data for managed care enrollees. We allocated the utilization across the impacted adult populations (including PMAP, MNCare, Seniors, PGAMC, and SNBC) and assumed no change in utilization rates for 2011. Based on a 2009 cost per dose of \$83.16 (based on DHS serum and administration costs of \$81.66 and \$1.50, respectively) trended forward two years at the 5% annual acute trend rate, the projected cost of providing these vaccinations is \$0.02 PMPM. Similar to the prior year adjustment for coverage of the Zostovax vaccine, this \$0.02 PMPM required increase to the rates is included in the 2011 prescription drug base rates in Appendices 1 and 2.

PPACA PROVISIONS

The recently enacted federal health reform legislation (PPACA) requires drug manufacturers to pay rebates to the State. As this provision is expected to reduce or eliminate rebates paid to the plans, a rate increase is necessary. We asked the plans to provide information regarding (A) the ratio of 2009 rebates to 2009 drug cost before rebates, and (B) the ratio of projected 2011 rebates to 2011 drug cost before rebates. We also considered information regarding the plans' confidence in their estimate of this second item. The percentage increase in the prescription costs associated with this provision is calculated as $(1 - B) / (1 - A) - 1$, which equals 3.91%. The 2011 prescription drug base rates in Appendices 1 and 2 reflect this increase.

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ADJUSTMENTS FOR MENTAL HEALTH TARGETED CASE MANAGEMENT

Two changes are being made for the MH-TCM rates for 2011:

- > New assumptions are being used to develop the MH-TCM base rates. Table 7 contains a summary of these assumptions,

Table 7 Special Needs BasicCare 2011 Mental Health Targeted Case Management Pricing Assumptions	
A. % of SNBC enrollees that are PIN eligible	33.8%
B. % of PIN eligibles that are eligible for MH-TCM services	80.0%
C. % of months MH-TCM services performed for those eligible for MH-TCM	85.0%
D. Estimated 2011 PMPM cost for MH-TCM eligibles	\$469.93
Overall 2011 MH-TCM Base Rate (A x B x C x D)	\$108.01
Dual 2011 MH-TCM Base Rate	\$111.94
Non-Dual 2011 MH-TCM Base Rate	\$101.66

The percentage of SNBC enrollees that are PIN eligible was based on an analysis performed by DHS of FY 2010 SNBC enrollees. The percentage of PIN eligibles that are eligible for MH-TCM services and the percentage of months MH-TCM services are performed for those eligible for MH-TCM are the most recent estimates by DHS.

The estimated 2011 PMPM cost for MH-TCM eligibles is based on county-specific MH-TCM cost information for FY 2011, provided by DHS, which was weighted using the current distribution of SNBC enrollment by county and trended to CY 2011 using an annual trend assumption of -3.7%. The trend assumption was based on recent changes in MH-TCM costs over the last two fiscal years.

The relationship of the dual and non-dual rates is based on the original 2007 MH-TCM experience used to develop the MH-TCM rates in 2009.

- > The MH-TCM rates will be risk adjusted for 2011. The plan-specific risk scores will be based on:
 - o How each plan's percentage of SNBC enrollees that are PIN eligible compares to the overall SNBC percentage of 33.8%.
 - o How each plan's estimated 2011 PMPM costs for MH-TCM eligibles, based on the plan-specific distribution of SNBC enrollees by county, compares to the overall SNBC PMPM cost of \$469.93.

For example, if 30.0% of a plan's SNBC enrollees are PIN eligible and the estimated 2011 PMPM weighted average cost for MH-TCM eligibles in the plan's counties is \$500.00, the plan's risk score would be 0.944 ($0.944 = 30.0\% / 33.8\% \times \$500.00 / \$469.93$).

The MH-TCM risk scores will be provided to each plan prior to the beginning of the CY 2011 contract year. The weighted average risk scores across all plans will be 1.000 for CY 2011.

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HOSPICE CARE SERVICES

Effective retroactive from March 23, 2010, legislation provides that a recipient of MA age 21 or under who elects to receive hospice care does not waive coverage for services related to the treatment of the condition for which a diagnosis of terminal illness has been made. Less than 0.001% of the base fee-for-service member months for individuals with disabilities were member months associated with individuals age 21 or under who have utilized hospice services. Due to this small percentage, we estimate providing coverage for services related to the treatment of the condition for which a diagnosis of terminal illness has been made will result in additional costs of less than \$0.01 PMPM; therefore, no adjustment to the rates for this legislation was made.

SERVICES PROVIDED IN BIRTH CENTERS

Legislation establishes MA coverage for services provided in a licensed birth center by a licensed health professional if such services would otherwise be covered if provided in a hospital. It also provides that licensed traditional midwives are to be paid 100% of what a physician would receive for performing the same services and that facility fees will be reimbursed at a rate of 70% of what a hospital would receive for an uncomplicated vaginal birth.

Similar to other past legislative changes related to services related to births, no adjustments were made to the rates due to the very small number of births within the SNBC population.

CHEMICAL DEPENDANCY RATE REFORM

Chemical dependency rate reform will be legislative will take effect in CY 2011. This legislation is intended to be budget neutral. As a result, no adjustments were made to rates for this legislation.

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 the 2005 base data, 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.

CAPITATION RATE COMPONENTS

Appendix 1A contains the components required to develop the CY 2011 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 CY 2011 capitation rates for Non-County Based Purchasing (non-CBP) and CBP plans, respectively. The Plan Risk Factors in Appendices 1B and 1C, for both acute and MH-TCM services, are for illustrative purposes only. They are not intended to reflect the risk scores of any particular plan for CY 2011.

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MEDICAL EDUCATION RESEARCH COST ADJUSTMENT

DHS will continue to make payments to the Medical Education Research Cost (MERC) Trust Fund on behalf of the MCO. As a result, the CY 2011 SNBC final base rates were 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 is continuing to be 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 CY 2011 SNBC final base rates for single eligibles were 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

LEGISLATED PREMIUM TAX

The CY 2011 final capitation rates continue to include the legislated premium tax of 1%. Final base rates for the CBP plans do not include the premium tax adjustment.

WITHHOLD

A 9.5% withhold adjustment required by legislation continues to be removed from the rates, excluding MERC and the NF-Add on. Withhold returns will be calculated for each MCO based on risk adjusted reimbursed amounts paid to the MCO plus DHU, excluding MERC and the NF-Add on.

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VIII. 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 2011 resulting from admissions occurring in CY 2011, divided by projected community eligible months in CY 2011. The initial rates PMPM for CY 2011 are \$13.17 and \$11.16 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 2011 resulting from admissions occurring in CY 2010, divided by projected community eligible months in CY 2011. The tail rates PMPM for CY 2011 are \$2.12 and \$2.32 for the single eligible and dual eligible community populations, respectively.
- > Section C contains the calculations of the value of the enrollment adjustment based on updated enrollment. There is an enrollment adjustment for CY 2011 of \$0.34 and \$2.96 for the single eligible and dual eligible community populations, respectively. The positive enrollment adjustment accounts for plans being underpaid in CY 2010 due to the CY 2010 rates being based on projected CY 2010 enrollment. Actual 2010 enrollment indicates the CY 2010 rates should have been set slightly higher.
- > Section D contains the initial base rates for CY 2011 of \$15.63 and \$16.44 for the single eligible and dual eligible community populations, respectively. In addition, the initial base rate was 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 DHS 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 2011 are \$15.36 and \$16.16 for the single eligible and dual eligible community populations, respectively.

The data source for the calculation of the frequency and average length-of-stay (ALOS) 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).

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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 used to calculate the initial rate by 10.3 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. This charge per day was adjusted as follows:

- > Increased 1.87% to reflect the COLA for nursing facility services effective January 1, 2008.
- > Increased an additional 3.4%, 1.1%, and 0.5% for nursing facility trend from 2008 to 2009, from 2009 to 2010, and from 2010 to 2011, respectively. The 1.1% trend from 2009 to 2010 includes the impact of the legislation's suspension of nursing facility rebasing for FY 2010.
- > Decreased 3% to reflect legislation effective September 1, 2010 which included rateable reduction language stating that NF rates for non-administrative services were to be reduced by 3%. This rateable reduction continues to apply in CY 2011 and therefore needs to be reflected in the CY 2011 NF rates.

This results in a final projected CY 2011 charge per day of \$169.61 ($\$169.61 = \$163.38 \times 1.0187 \times 1.034 \times 1.011 \times 1.005 \times 0.97$).

LEGISLATED PREMIUM TAX

The CY 2011 SNBC NF add-on rates include the legislated premium tax of 1%, which is added to the rates in Appendix 1A. Final CY 2011 SNBC NF add-on rates for the CBP plans do not include the premium tax adjustment.

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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 2011 Base Rate Tables

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Special Needs BasicCare
Base Rate Development for Calendar Year 2011 - Non-PINs

December 6, 2010

Appendix 1A
Special Needs BasicCare
Development of Calendar Year 2011 Rate Components Per Member Per Month (PMPM)

			A	B	C	D	E	F	G	H	I	J	K
Population			Estimated Distribution of 2010 Enrollment	From Appendix 2			Initial Base Rate	MERC Adjstmt.	Composite MERC Adjstmt.	DHU Adjstmt.	Composite DHU Adjstmt.	Base Rate Premium Tax	Composite Base Rate Premium Tax
				Acute Base Rate	Rx Base Rate	Spenddown Adjustment							
Duals	Institutional	Metro 1	6	\$346.86	\$24.70	\$0.84	\$372.40	\$23.46	\$17.96	N/A	N/A	\$3.52	\$3.58
		Metro 2	2	346.86	24.70	0.84	372.40	7.45	17.96	N/A	N/A	3.69	3.58
		Metro 3	1	346.86	24.70	0.84	372.40	5.96	17.96	N/A	N/A	3.70	3.58
		Non-Metro	136	\$278.36	\$19.22	\$0.45	\$298.03	\$4.77	\$4.77	N/A	N/A	\$2.96	\$2.96
	Community	Metro 1	421	\$411.37	\$18.91	\$6.72	\$437.00	\$27.53	\$17.21	N/A	N/A	\$4.14	\$4.24
		Metro 2	375	411.37	18.91	6.72	437.00	8.74	17.21	N/A	N/A	4.33	4.24
		Metro 3	114	411.37	18.91	6.72	437.00	6.99	17.21	N/A	N/A	4.34	4.24
		Non-Metro	1,725	\$371.92	\$18.24	\$3.30	\$393.46	\$6.30	\$6.30	N/A	N/A	\$3.91	\$3.91
Non-Duals	Institutional	Metro 1	1	\$1,863.16	\$1,041.13	\$1.10	\$2,905.39	\$183.04	\$80.77	\$92.97	\$67.99	\$26.56	\$27.85
		Metro 2	3	1,863.16	1,041.13	1.10	2,905.39	58.11	80.77	75.54	67.99	28.00	27.85
		Metro 3	1	1,863.16	1,041.13	1.10	2,905.39	46.49	80.77	20.34	67.99	28.67	27.85
		Non-Metro	9	\$1,635.17	\$864.29	\$0.93	\$2,500.39	\$40.01	\$40.01	\$17.50	\$17.50	\$24.68	\$24.68
	Community	Metro 1	431	\$1,196.61	\$465.25	\$2.06	\$1,663.92	\$104.83	\$70.14	\$53.25	\$45.80	\$15.21	\$15.63
		Metro 2	323	1,196.61	465.25	2.06	1,663.92	33.28	70.14	43.26	45.80	16.03	15.63
		Metro 3	70	1,196.61	465.25	2.06	1,663.92	26.62	70.14	11.65	45.80	16.42	15.63
		Non-Metro	672	\$1,107.46	\$595.32	\$1.63	\$1,704.41	\$27.27	\$27.27	\$11.93	\$11.93	\$16.82	\$16.82

			L	M	N	O	P	Q	R	S	T
Population			Non-CBP Final Base Rate with MERC and DHU Removed	CBP Final Base Rate with MERC and DHU Removed	MERC Add-Back	DHU Add-Back for Non-CBP (includes Premium Tax)	DHU Add-Back for CBP	NF Add-On for Non-CBP (includes Premium Tax)	From App. 3	MHTCM Add-On for Non-CBP (includes Premium Tax)	From App. 2
									NF Add-On for CBP		MHTCM Add-On for CBP
Duals	Institutional	Metro 1	\$358.02	N/A	\$23.46	N/A	N/A	N/A	N/A	\$113.07	\$111.94
		Metro 2	358.02	N/A	7.45	N/A	N/A	N/A	N/A	113.07	111.94
		Metro 3	358.02	N/A	5.96	N/A	N/A	N/A	N/A	113.07	111.94
		Non-Metro	\$296.22	\$293.26	\$4.77	N/A	N/A	N/A	N/A	\$113.07	\$111.94
	Community	Metro 1	\$424.03	N/A	\$27.53	N/A	N/A	\$16.32	N/A	\$113.07	\$111.94
		Metro 2	424.03	N/A	8.74	N/A	N/A	16.32	N/A	113.07	111.94
		Metro 3	424.03	N/A	6.99	N/A	N/A	16.32	N/A	113.07	111.94
		Non-Metro	\$391.07	\$387.16	\$6.30	N/A	N/A	\$16.32	\$16.16	\$113.07	\$111.94
Non-Duals	Institutional	Metro 1	\$2,784.48	N/A	\$183.04	\$93.91	N/A	N/A	N/A	\$102.69	\$101.66
		Metro 2	2,784.48	N/A	58.11	76.30	N/A	N/A	N/A	102.69	101.66
		Metro 3	2,784.48	N/A	46.49	20.54	N/A	N/A	N/A	102.69	101.66
		Non-Metro	\$2,467.56	\$2,442.88	\$40.01	\$17.68	\$17.50	N/A	N/A	\$102.69	\$101.66
	Community	Metro 1	\$1,563.61	N/A	\$104.83	\$53.78	N/A	\$15.52	N/A	\$102.69	\$101.66
		Metro 2	1,563.61	N/A	33.28	43.70	N/A	15.52	N/A	102.69	101.66
		Metro 3	1,563.61	N/A	26.62	11.77	N/A	15.52	N/A	102.69	101.66
		Non-Metro	\$1,682.03	\$1,665.21	\$27.27	\$12.05	\$11.93	\$15.52	\$15.36	\$102.69	\$101.66

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
Calendar Year 2011 Capitation Payment Rates
Non-CBP Plans

			MERC Carve Out	DHU Add-on ¹	MERC + DHU	Risk Adjustment Base Rate ^{1,2}	Plan Acute Risk Factor ³	Plan RA Rate ^{1,2,3}	Plan RA Rate + DHU - Withhold ^{1,3}	Plan RA Rate + DHU + MERC - Withhold ^{1,3}	NF Add-on ¹	Plan MH- TCM Risk Factor	MH-TCM Add-on - Withhold ¹	Total Plan Rate (Includes MERC) ^{1,3}	Plan Reimbursement Amount (Excludes MERC) ^{1,3}
			1	2		3	4	5	6	7	8	9	10	11	12
Rate Regions			App. 1A (N)	App. 1A (O)		App. 1A (L)		(3 x 4)	(2 + 5) x 0.905	(6 + 1)	App. 1A (Q)		App. 1A (S) x 0.905 x 9	(7 + 8 + 10)	(6 + 8 + 10)
Hennepin	Institutionalized	Dual	\$23.46	N/A	\$23.46	\$358.02	1.2008	\$429.91	\$389.07	\$412.53	N/A	1.0000	\$102.33	\$514.85	\$491.39
		Non- Dual	183.04	\$93.91	276.95	2,784.48	1.3576	3,780.21	3,506.08	3,689.12	N/A	1.0000	92.93	3,782.05	3,599.01
	Non-Institutionalized	Dual	27.53	N/A	27.53	424.03	1.2008	509.18	460.81	488.34	\$16.32	1.0000	\$102.33	606.99	579.46
		Non- Dual	104.83	53.78	158.61	1,563.61	1.3576	2,122.76	1,969.77	2,074.60	15.52	1.0000	92.93	2,183.06	2,078.23
Metro	Institutionalized	Dual	\$7.45	N/A	\$7.45	\$358.02	1.2008	\$429.91	\$389.07	\$396.52	N/A	1.0000	\$102.33	\$498.84	\$491.39
		Non- Dual	58.11	\$76.30	134.41	2,784.48	1.3576	3,780.21	3,490.14	3,548.25	N/A	1.0000	92.93	3,641.19	3,583.08
	Non-Institutionalized	Dual	8.74	N/A	8.74	424.03	1.2008	509.18	460.81	469.55	\$16.32	1.0000	\$102.33	588.20	579.46
		Non- Dual	33.28	43.70	76.98	1,563.61	1.3576	2,122.76	1,960.65	1,993.93	15.52	1.0000	92.93	2,102.38	2,069.10
NW Metro	Institutionalized	Dual	\$5.96	N/A	\$5.96	\$358.02	1.2008	\$429.91	\$389.07	\$395.03	N/A	1.0000	\$102.33	\$497.35	\$491.39
		Non- Dual	46.49	\$20.54	67.03	2,784.48	1.3576	3,780.21	3,439.68	3,486.17	N/A	1.0000	92.93	3,579.10	3,532.61
	Non-Institutionalized	Dual	6.99	N/A	6.99	424.03	1.2008	509.18	460.81	467.80	\$16.32	1.0000	\$102.33	586.45	579.46
		Non- Dual	26.62	11.77	38.39	1,563.61	1.3576	2,122.76	1,931.75	1,958.37	15.52	1.0000	92.93	2,066.83	2,040.21
Non-Metro	Institutionalized	Dual	\$4.77	N/A	\$4.77	\$296.22	1.2008	\$355.70	\$321.91	\$326.68	N/A	1.0000	\$102.33	\$429.01	\$424.24
		Non- Dual	40.01	\$17.68	57.69	2,467.56	1.3576	3,349.96	3,047.71	3,087.72	N/A	1.0000	92.93	3,180.66	3,140.65
	Non-Institutionalized	Dual	6.30	N/A	6.30	391.07	1.2008	469.60	424.99	431.29	\$16.32	1.0000	\$102.33	549.93	543.63
		Non- Dual	27.27	12.05	39.32	1,682.03	1.3576	2,283.52	2,077.49	2,104.76	15.52	1.0000	92.93	2,213.22	2,185.95

¹ Includes 1% premium tax.

² Does not include MERC Carve-Out or DHU Add-On. Includes 1% premium tax.

³ The plan acute 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
Calendar Year 2011 Capitation Payment Rates
CBP Plans

			MERC Carve Out	DHU Add-on	MERC + DHU	Risk Adjustment Base Rate ¹	Plan Acute Risk Factor ²	Plan RA Rate ^{1,2}	Plan RA Rate + DHU - Withhold ²	Plan RA Rate + DHU + MERC - Withhold ²	NF Add-on	Plan MH- TCM Risk Factor	MH-TCM Add-on - Withhold	Total Plan Rate (Includes MERC) ²	Plan Reimbursement Amount (Excludes MERC) ²
			1	2		3	4	5	6	7	8	9	10	11	12
Rate Regions			App. 1A (N)	App. 1A (P)		App. 1A (M)		(3 x 4)	(2 + 5) x 0.905	(6 + 1)	App. 1A (R)		App. 1A (S) x 0.905 x 9	(7 + 8 + 10)	(6 + 8 + 10)
Non-Metro	Institutionalized	Dual	\$4.77	N/A	\$4.77	\$293.26	1.2008	\$352.15	\$318.69	\$323.46	N/A	1.0000	\$101.31	\$424.77	\$420.00
		Non- Dual	40.01	\$17.50	\$57.51	2,442.88	1.3576	3,316.45	3,017.23	3,057.24	N/A	1.0000	92.00	3,149.24	3,109.23
	Non-Institutionalized	Dual	6.30	N/A	6.30	387.16	1.2008	464.90	420.74	427.04	\$16.16	1.0000	101.31	544.50	538.20
		Non- Dual	27.27	11.93	39.20	1,665.21	1.3576	2,260.69	2,056.72	2,083.99	15.36	1.0000	92.00	2,191.35	2,164.08

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

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

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Appendix 2

SNBC PMPM Cost Models

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Special Needs BasicCare
Base Rate Development for Calendar Year 2011 - Non-PINs

December 6, 2010

Appendix 2
Special Need BasicCare
2011 Per Member Per Month Rate Development

Population: Dual Eligibles, Metro Counties, Institutional

COS	Description	DHS 2005 Liability PMPM	January - September 2009 PMPM Rates	October - December 2009 PMPM Rates	January - August 2010 PMPM Rates	September - December 2010 PMPM Rates	Trend	Increase in Dental Rates	Inpatient Ratable Reduction	Removal of Basic Care 1.5% Unallotment	Health Care Home	Varicella Vaccine for Adults	PPACA Provisions	MH-TCM 2011 Assumption Adjustment	2011 PMPM Rates
001	Inpatient Hospital General	\$35.88	\$48.95	\$48.81	\$51.35	\$50.96	1.050	\$0.00	(\$0.14)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$53.37
006	Rehabilitation	0.15	0.17	0.17	\$0.18	\$0.18	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.19
007	Outpatient Hospital Services	14.66	15.88	15.82	\$16.64	\$16.63	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$17.47
015	Inpatient Long Term Hospital	0.65	0.86	0.85	\$0.89	\$0.87	1.050	\$0.00	(\$0.01)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.90
020	Home Health Services	0.09	0.09	0.09	\$0.09	\$0.09	1.110	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.10
032	Medical Supply / DME	33.98	36.80	36.11	\$37.99	\$37.41	1.050	\$0.00	\$0.00	\$0.13	\$0.00	\$0.00	\$0.00	\$0.00	\$39.41
036	Transport, Special	46.48	50.33	50.33	\$52.95	\$51.46	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$54.03
037	Transport, Ambulance	7.46	8.08	8.08	\$8.50	\$8.48	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.90
041	Anesthesia	1.52	1.65	1.65	\$1.74	\$1.74	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.83
043	Physician Services	41.42	44.85	44.55	\$46.87	\$46.58	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$48.91
045	Dental	19.13	20.72	20.72	\$16.89	\$16.42	1.050	\$1.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$18.29
046	Mental Health	29.47	32.50	32.50	\$34.19	\$33.58	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$35.26
051	Physical Therapy	6.87	7.74	7.56	\$7.95	\$7.91	1.050	\$0.00	\$0.00	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$8.33
053	Speech Therapy	2.71	3.06	2.97	\$3.12	\$3.10	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$3.27
054	Occupational Therapy	9.68	10.91	10.46	\$11.00	\$10.91	1.050	\$0.00	\$0.00	\$0.06	\$0.00	\$0.00	\$0.00	\$0.00	\$11.51
055	Podiatry	0.70	0.76	0.76	\$0.80	\$0.80	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.84
057	Chiropractic	0.04	0.05	0.05	\$0.05	\$0.05	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.05
058	Audiology	0.51	0.55	0.54	\$0.57	\$0.56	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.59
062	Chemical Dependency	0.59	0.67	0.67	\$0.70	\$0.68	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.71
063	CD Extended Care / Halfway House	0.00	0.00	0.00	\$0.00	\$0.00	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
072	Hospice	1.33	1.44	1.44	\$1.51	\$1.47	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.54
074	Inpatient Hospital 45 Day Psych Contract	0.69	0.75	0.75	\$0.79	\$0.79	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.83
075	Eyeglasses / Contact Lenses	2.08	2.25	2.15	\$2.26	\$2.20	1.050	\$0.00	\$0.00	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$2.33
076	Prosthetics and Orthotics	2.86	3.10	3.03	\$3.19	\$3.17	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$3.34
077	Hearing Aids	0.78	0.85	0.84	\$0.88	\$0.86	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.90
078	Vision Care	2.26	2.44	2.36	\$2.48	\$2.42	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.54
079	Radiology, Technical Component	10.96	11.86	11.82	\$12.43	\$12.41	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13.03
080	Laboratory	1.12	1.22	1.20	\$1.26	\$1.26	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.33
082	Federal Qualified Health Contract Service	2.84	3.07	3.07	\$3.23	\$3.14	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.30
087	End-Stage Renal Dialysis	7.72	8.36	8.36	\$8.79	\$8.79	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9.23
091	Nurse Practitioner Services	1.06	1.15	1.15	\$1.21	\$1.21	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.27
999	Unable to Define	0.25	0.28	0.28	\$0.29	\$0.29	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.30
	Dialectical Behavioral Therapy	0.67	0.58	0.58	\$0.61	\$0.59	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.62
	Health Care Home Care Coordination	0.00	0.00	0.00	\$1.17	\$1.14	1.050	\$0.00	\$0.00	\$0.00	\$1.13	\$0.00	\$0.00	\$0.00	\$2.33
	Total Acute Base Rate	\$286.65	\$321.97	\$319.72	\$332.61	\$328.15									\$346.86
	Prescription Drugs	\$622.75	\$20.70	\$20.70	\$22.42	\$21.79	1.090	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02	\$0.93	\$0.00	\$24.70
	Spenddown	1.98	0.86	0.86	\$0.86	\$0.84	1.000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.84
	Grand Total	\$911.38	\$343.53	\$341.28	\$355.89	\$350.78	\$18.37	\$1.05	(\$0.15)	\$0.27	\$1.13	\$0.02	\$0.93	\$0.00	\$372.40
	Mental Health Targeted Case Management	\$56.21	\$54.94	\$54.94	\$65.50	\$63.53	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$45.23	\$111.94
	2005 Eligible Months	19,918													

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.

Appendix 2
Special Need BasicCare
2011 Per Member Per Month Rate Development

Population: Dual Eligibles, Non-Metro Counties, Institutional

COS	Description	DHS 2005 Liability PMPM	January - September 2009 PMPM Rates	October - December 2009 PMPM Rates	January - August 2010 PMPM Rates	September - December 2010 PMPM Rates	Trend	Increase in Dental Rates	Inpatient Ratable Reduction	Removal of Basic Care 1.5% Unallotment	Health Care Home	Varicella Vaccine for Adults	PPACA Provisions	MH-TCM 2011 Assumption Adjustment	2011 PMPM Rates
001	Inpatient Hospital General	\$22.95	\$31.31	\$31.29	\$32.92	\$32.85	1.050	\$0.00	(\$0.02)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$34.47
006	Rehabilitation	0.15	0.17	0.17	\$0.18	\$0.18	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.19
007	Outpatient Hospital Services	15.60	16.90	16.76	\$17.63	\$17.60	1.050	\$0.00	\$0.00	\$0.03	\$0.00	\$0.00	\$0.00	\$0.00	\$18.51
014	Inpatient Hospital IMD	0.10	0.11	0.11	\$0.12	\$0.12	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.13
015	Inpatient Long Term Hospital	1.00	1.32	1.31	\$1.38	\$1.34	1.050	\$0.00	(\$0.01)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.40
020	Home Health Services	0.06	0.06	0.06	\$0.06	\$0.06	1.110	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.07
032	Medical Supply / DME	37.43	40.53	39.42	\$41.47	\$40.83	1.050	\$0.00	\$0.00	\$0.20	\$0.00	\$0.00	\$0.00	\$0.00	\$43.08
036	Transport, Special	46.92	50.81	50.81	\$53.45	\$51.95	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$54.55
037	Transport, Ambulance	6.27	6.79	6.79	\$7.14	\$7.14	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.50
041	Anesthesia	1.17	1.26	1.26	\$1.33	\$1.33	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.40
043	Physician Services	36.30	39.31	39.23	\$41.27	\$41.20	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$43.26
045	Dental	18.03	19.52	19.52	\$15.91	\$15.46	1.050	\$1.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17.28
046	Mental Health	10.33	11.39	11.39	\$11.98	\$11.85	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12.44
051	Physical Therapy	4.14	4.66	4.65	\$4.89	\$4.89	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5.13
053	Speech Therapy	1.04	1.17	1.17	\$1.23	\$1.23	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.29
054	Occupational Therapy	3.54	3.99	3.95	\$4.16	\$4.15	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$4.36
055	Podiatry	0.44	0.47	0.47	\$0.49	\$0.49	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.51
056	Ambulatory Surgery	0.18	0.20	0.20	\$0.21	\$0.21	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.22
057	Chiropractic	0.13	0.14	0.14	\$0.15	\$0.15	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16
058	Audiology	0.30	0.32	0.31	\$0.33	\$0.33	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.35
062	Chemical Dependency	0.76	0.86	0.86	\$0.90	\$0.87	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.91
063	CD Extended Care / Halfway House	0.00	0.00	0.00	\$0.00	\$0.00	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
072	Hospice	2.72	2.94	2.94	\$3.09	\$3.00	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.15
074	Inpatient Hospital 45 Day Psych Contract	0.07	0.08	0.08	\$0.08	\$0.08	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.08
075	Eyeglasses / Contact Lenses	1.57	1.70	1.62	\$1.70	\$1.65	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$1.75
076	Prosthetics and Orthotics	2.81	3.05	3.01	\$3.17	\$3.16	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$3.33
077	Hearing Aids	0.50	0.55	0.54	\$0.57	\$0.55	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.58
078	Vision Care	1.59	1.73	1.69	\$1.78	\$1.75	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.84
079	Radiology, Technical Component	8.69	9.41	9.37	\$9.86	\$9.84	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.33
080	Laboratory	1.18	1.28	1.26	\$1.33	\$1.33	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.40
082	Federal Qualified Health Contract Service	0.09	0.10	0.10	\$0.11	\$0.11	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.12
083	Rural Health Clinic Services	1.31	1.41	1.41	\$1.48	\$1.47	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.54
087	End-Stage Renal Dialysis	2.91	3.15	3.15	\$3.31	\$3.31	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.48
088	Public Health Nursing	0.02	0.02	0.02	\$0.02	\$0.02	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02
091	Nurse Practitioner Services	0.39	0.42	0.42	\$0.44	\$0.44	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.46
999	Unable to Define	0.11	0.12	0.12	\$0.13	\$0.13	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.14
	Dialectical Behavioral Therapy	0.67	0.58	0.58	\$0.61	\$0.59	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.62
	Health Care Home Care Coordination	0.00	0.00	0.00	\$1.17	\$1.14	1.050	\$0.00	\$0.00	\$0.00	\$1.13	\$0.00	\$0.00	\$0.00	\$2.33
	Total Acute Base Rate	\$231.49	\$257.83	\$256.18	\$266.05	\$262.80									\$278.36
	Prescription Drugs	\$484.85	\$16.13	\$16.13	\$17.44	\$16.95	1.090	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02	\$0.72	\$0.00	\$19.22
	Spenddown	1.06	0.46	0.46	\$0.46	\$0.45	1.000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.45
	Grand Total	\$717.40	\$274.42	\$272.77	\$283.95	\$280.20	\$14.67	\$1.05	(\$0.03)	\$0.26	\$1.13	\$0.02	\$0.72	\$0.00	\$298.03
	Mental Health Targeted Case Management	\$56.21	\$54.94	\$54.94	\$65.50	\$63.53	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$45.23	\$111.94
	2005 Eligible Months	13,036													

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Appendix 2
Special Need BasicCare
2011 Per Member Per Month Rate Development

Population: Dual Eligibles, Metro Counties, Community

COS	Description	DHS 2005	January -	October -	January -	September -	Trend	Increase in	Inpatient	Removal of	Health Care	Varicella	PPACA	MH-TCM 2011	2011 PMPM
		Liability	September 2009	December 2009	August 2010	December 2010									
001	Inpatient Hospital General	\$28.81	\$45.64	\$45.57	\$47.94	\$47.78	1.050	\$0.00	(\$0.07)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.10
006	Rehabilitation	0.20	0.25	0.25	\$0.26	\$0.26	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.27
007	Outpatient Hospital Services	15.45	19.43	19.38	\$20.39	\$20.39	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$21.42
014	Inpatient Hospital IMD	0.11	0.14	0.14	\$0.15	\$0.15	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16
015	Inpatient Long Term Hospital	4.82	7.40	7.33	\$7.71	\$7.53	1.050	\$0.00	(\$0.07)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.84
020	Home Health Services	24.40	26.58	25.89	\$25.63	\$24.91	1.110	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$27.65
029	RTC - Mental Health	0.57	0.72	0.72	\$0.76	\$0.74	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.78
032	Medical Supply / DME	21.46	26.98	26.29	\$27.66	\$27.28	1.050	\$0.00	\$0.00	\$0.13	\$0.00	\$0.00	\$0.00	\$0.00	\$28.77
036	Transport, Special	12.02	15.12	15.12	\$15.91	\$15.46	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16.23
037	Transport, Ambulance	3.43	4.31	4.31	\$4.53	\$4.52	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.75
041	Anesthesia	0.99	1.25	1.25	\$1.32	\$1.32	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.39
043	Physician Services	38.04	47.82	47.54	\$50.01	\$49.77	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$52.26
045	Dental	13.77	17.31	17.31	\$14.11	\$13.71	1.050	\$1.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.45
046	Mental Health	86.10	110.23	110.23	\$115.96	\$113.19	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$118.85
051	Physical Therapy	1.54	2.01	1.98	\$2.08	\$2.08	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.19
053	Speech Therapy	0.48	0.62	0.59	\$0.62	\$0.62	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.65
054	Occupational Therapy	2.10	2.75	2.61	\$2.75	\$2.72	1.050	\$0.00	\$0.00	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$2.87
055	Podiatry	0.34	0.43	0.42	\$0.44	\$0.44	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.46
056	Ambulatory Surgery	0.04	0.04	0.04	\$0.04	\$0.04	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.04
057	Chiropractic	0.54	0.68	0.68	\$0.72	\$0.72	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.76
058	Audiology	0.15	0.19	0.19	\$0.20	\$0.20	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.21
062	Chemical Dependency	5.55	7.26	7.26	\$7.64	\$7.43	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.80
063	CD Extended Care / Halfway House	1.10	1.38	1.38	\$1.45	\$1.41	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.48
072	Hospice	3.43	4.31	4.31	\$4.53	\$4.40	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.62
074	Inpatient Hospital 45 Day Psych Contract	2.02	2.54	2.54	\$2.67	\$2.65	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.78
075	Eyeglasses / Contact Lenses	1.95	2.46	2.35	\$2.47	\$2.40	1.050	\$0.00	\$0.00	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$2.54
076	Prosthetics and Orthotics	1.69	2.12	2.07	\$2.18	\$2.16	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$2.28
077	Hearing Aids	0.60	0.76	0.75	\$0.79	\$0.77	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.81
078	Vision Care	1.05	1.32	1.28	\$1.35	\$1.32	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.39
079	Radiology, Technical Component	11.28	14.18	14.11	\$14.84	\$14.80	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.54
080	Laboratory	1.39	1.74	1.71	\$1.80	\$1.80	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$1.90
082	Federal Qualified Health Contract Service	3.63	4.56	4.56	\$4.80	\$4.67	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.90
083	Rural Health Clinic Services	0.01	0.02	0.02	\$0.02	\$0.02	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02
087	End-Stage Renal Dialysis	5.44	6.84	6.84	\$7.20	\$7.20	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.56
088	Public Health Nursing	0.05	0.06	0.06	\$0.06	\$0.06	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.06
090	Nurse Midwife Services	0.01	0.01	0.01	\$0.01	\$0.01	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01
091	Nurse Practitioner Services	0.22	0.27	0.27	\$0.28	\$0.28	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.29
999	Unable to Define	0.88	1.11	1.11	\$1.17	\$1.17	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.23
	Dialectical Behavioral Therapy	0.67	0.68	0.68	\$0.72	\$0.70	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.74
	Health Care Home Care Coordination	0.00	0.00	0.00	\$1.17	\$1.14	1.050	\$0.00	\$0.00	\$0.00	\$1.13	\$0.00	\$0.00	\$0.00	\$2.33
	Total Acute Base Rate	\$296.34	\$381.52	\$379.15	\$394.33	\$388.22									\$411.37
	Prescription Drugs	\$411.06	\$15.87	\$15.87	\$17.16	\$16.68	1.090	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02	\$0.71	\$0.00	\$18.91
	Spenddown	27.85	6.91	6.91	\$6.91	\$6.72	1.000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6.72
	Grand Total	\$735.25	\$404.30	\$401.93	\$418.40	\$411.62	\$22.41	\$1.05	(\$0.14)	\$0.20	\$1.13	\$0.02	\$0.71	\$0.00	\$437.00
	Mental Health Targeted Case Management	\$56.21	\$63.78	\$63.78	\$76.04	\$73.76	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$34.49	\$111.94
	NF Add-on					\$13.36									\$16.16
	2005 Eligible Months	233,845													

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Appendix 2
Special Need BasicCare
2011 Per Member Per Month Rate Development

Population: Dual Eligibles, Non-Metro Counties, Community

COS	Description	DHS 2005 Liability PMPM	January - September 2009 PMPM Rates	October - December 2009 PMPM Rates	January - August 2010 PMPM Rates	September - December 2010 PMPM Rates	Trend	Increase in Dental Rates	Inpatient Ratable Reduction	Removal of Basic Care 1.5% Unallotment	Health Care Home	Varicella Vaccine for Adults	PPACA Provisions	MH-TCM 2011 Assumption Adjustment	2011 PMPM Rates
001	Inpatient Hospital General	\$21.82	\$34.56	\$34.54	\$36.34	\$36.29	1.050	\$0.00	(\$0.02)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$38.08
006	Rehabilitation	0.11	0.13	0.13	\$0.14	\$0.14	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.15
007	Outpatient Hospital Services	16.41	20.62	20.56	\$21.63	\$21.63	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$22.72
014	Inpatient Hospital IMD	1.60	2.01	2.00	\$2.10	\$2.07	1.050	\$0.00	(\$0.01)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.16
015	Inpatient Long Term Hospital	1.16	1.78	1.76	\$1.85	\$1.81	1.050	\$0.00	(\$0.02)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.88
020	Home Health Services	22.98	25.03	24.38	\$24.14	\$23.46	1.110	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$26.04
029	RTC - Mental Health	8.00	10.06	10.06	\$10.58	\$10.28	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.79
032	Medical Supply / DME	20.45	25.70	25.05	\$26.35	\$25.97	1.050	\$0.00	\$0.00	\$0.12	\$0.00	\$0.00	\$0.00	\$0.00	\$27.39
036	Transport, Special	10.26	12.90	12.90	\$13.57	\$13.19	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13.85
037	Transport, Ambulance	2.99	3.76	3.76	\$3.96	\$3.96	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.16
041	Anesthesia	0.96	1.20	1.20	\$1.26	\$1.26	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.32
043	Physician Services	34.54	43.42	43.20	\$45.45	\$45.27	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$47.53
045	Dental	16.16	20.32	20.32	\$16.57	\$16.10	1.050	\$1.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17.96
046	Mental Health	77.79	99.60	99.60	\$104.78	\$102.26	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$107.37
051	Physical Therapy	1.76	2.30	2.30	\$2.42	\$2.42	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.54
053	Speech Therapy	0.23	0.30	0.29	\$0.31	\$0.31	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.33
054	Occupational Therapy	0.34	0.44	0.44	\$0.46	\$0.46	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.48
055	Podiatry	0.35	0.44	0.44	\$0.46	\$0.46	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.48
056	Ambulatory Surgery	0.12	0.15	0.15	\$0.16	\$0.16	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.17
057	Chiropractic	0.95	1.19	1.19	\$1.25	\$1.25	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.31
058	Audiology	0.14	0.18	0.18	\$0.19	\$0.19	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.20
062	Chemical Dependency	4.55	5.95	5.95	\$6.26	\$6.09	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6.39
063	CD Extended Care / Halfway House	0.91	1.15	1.15	\$1.21	\$1.18	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.24
072	Hospice	1.93	2.42	2.42	\$2.55	\$2.48	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.60
074	Inpatient Hospital 45 Day Psych Contract	0.58	0.73	0.73	\$0.77	\$0.77	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.81
075	Eyeglasses / Contact Lenses	2.40	3.02	2.88	\$3.03	\$2.95	1.050	\$0.00	\$0.00	\$0.03	\$0.00	\$0.00	\$0.00	\$0.00	\$3.12
076	Prosthetics and Orthotics	1.47	1.85	1.81	\$1.90	\$1.89	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$1.99
077	Hearing Aids	0.75	0.95	0.94	\$0.99	\$0.96	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.01
078	Vision Care	1.38	1.74	1.68	\$1.77	\$1.74	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.83
079	Radiology, Technical Component	11.45	14.40	14.34	\$15.09	\$15.05	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.80
080	Laboratory	1.30	1.63	1.61	\$1.69	\$1.69	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.78
082	Federal Qualified Health Contract Service	0.49	0.61	0.61	\$0.64	\$0.62	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.65
083	Rural Health Clinic Services	0.83	1.04	1.04	\$1.09	\$1.08	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.13
087	End-Stage Renal Dialysis	1.39	1.74	1.74	\$1.83	\$1.83	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.92
088	Public Health Nursing	0.32	0.40	0.38	\$0.40	\$0.39	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.41
090	Nurse Midwife Services	0.01	0.01	0.01	\$0.01	\$0.01	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01
091	Nurse Practitioner Services	0.28	0.36	0.36	\$0.38	\$0.38	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.40
999	Unable to Define	0.59	0.74	0.74	\$0.78	\$0.78	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.82
	Dialectical Behavioral Therapy	0.67	0.68	0.68	\$0.72	\$0.70	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.74
	Health Care Home Care Coordination	0.00	0.00	0.00	\$1.17	\$1.14	1.050	\$0.00	\$0.00	\$0.00	\$1.13	\$0.00	\$0.00	\$0.00	\$2.33
	Total Acute Base Rate	\$270.40	\$345.51	\$343.52	\$356.23	\$350.67									\$371.92
	Prescription Drugs	\$396.40	\$15.31	\$15.31	\$16.55	\$16.09	1.090	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02	\$0.69	\$0.00	\$18.24
	Spenddown	15.77	3.40	3.40	\$3.40	\$3.30	1.000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.30
	Grand Total	\$682.56	\$364.22	\$362.23	\$376.18	\$370.06	\$20.39	\$1.05	(\$0.05)	\$0.17	\$1.13	\$0.02	\$0.69	\$0.00	\$393.46
	Mental Health Targeted Case Management	\$56.21	\$63.78	\$63.78	\$76.04	\$73.76	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$34.49	\$111.94
	NF Add-on					\$13.36									\$16.16
	2005 Eligible Months	243,034													

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**Appendix 2
Special Need BasicCare
2011 Per Member Per Month Rate Development**

Population: Single Eligibles, Metro Counties, Institutional

COS	Description	DHS 2005 Liability PMPM	January - September 2009 PMPM Rates	October - December 2009 PMPM Rates	January - August 2010 PMPM Rates	September - December 2010 PMPM Rates	Trend	Increase in Dental Rates	Inpatient Ratable Reduction	Removal of Basic Care 1.5% Unallotment	Health Care Home	Varicella Vaccine for Adults	PPACA Provisions	MH-TCM 2011 Assumption Adjustment	2011 PMPM Rates
001	Inpatient Hospital General	\$693.66	\$946.45	\$936.99	\$985.71	\$958.03	1.050	\$0.00	(\$9.29)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$996.64
006	Rehabilitation	7.32	7.93	7.85	\$8.26	\$8.03	1.050	\$0.00	(\$0.08)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.35
007	Outpatient Hospital Services	64.76	70.12	67.01	\$70.49	\$68.51	1.050	\$0.00	\$0.00	\$0.57	\$0.00	\$0.00	\$0.00	\$0.00	\$72.51
014	Inpatient Hospital IMD	1.98	2.14	2.12	\$2.23	\$2.17	1.050	\$0.00	(\$0.02)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.26
015	Inpatient Long Term Hospital	8.70	11.49	11.38	\$11.97	\$11.63	1.050	\$0.00	(\$0.11)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12.10
020	Home Health Services	0.73	0.68	0.66	\$0.65	\$0.63	1.110	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.70
032	Medical Supply / DME	77.77	84.21	81.81	\$86.06	\$83.64	1.050	\$0.00	\$0.00	\$0.44	\$0.00	\$0.00	\$0.00	\$0.00	\$88.26
036	Transport, Special	40.18	43.51	43.51	\$45.77	\$44.48	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$46.70
037	Transport, Ambulance	57.90	62.70	62.70	\$65.96	\$64.11	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$67.32
040	Child and Teen Checkup	0.05	0.05	0.05	\$0.05	\$0.05	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.05
041	Anesthesia	9.34	10.12	10.12	\$10.65	\$10.35	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.87
043	Physician Services	162.01	175.44	166.10	\$174.74	\$164.19	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$172.40
045	Dental	19.07	20.65	20.65	\$16.84	\$16.37	1.050	\$1.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$18.24
046	Mental Health	42.94	47.35	47.35	\$49.81	\$48.41	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.83
051	Physical Therapy	46.12	51.94	48.56	\$51.09	\$50.48	1.050	\$0.00	\$0.00	\$0.43	\$0.00	\$0.00	\$0.00	\$0.00	\$53.43
053	Speech Therapy	15.09	17.00	15.89	\$16.72	\$16.52	1.050	\$0.00	\$0.00	\$0.14	\$0.00	\$0.00	\$0.00	\$0.00	\$17.49
054	Occupational Therapy	40.90	46.07	43.08	\$45.32	\$44.78	1.050	\$0.00	\$0.00	\$0.38	\$0.00	\$0.00	\$0.00	\$0.00	\$47.40
055	Podiatry	2.44	2.64	2.47	\$2.60	\$2.42	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.54
056	Ambulatory Surgery	0.54	0.59	0.56	\$0.59	\$0.57	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.60
057	Chiropractic	0.09	0.10	0.09	\$0.09	\$0.09	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.09
058	Audiology	0.70	0.76	0.71	\$0.75	\$0.70	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.74
062	Chemical Dependency	3.50	3.94	3.94	\$4.14	\$4.02	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.22
063	CD Extended Care / Halfway House	0.02	0.03	0.03	\$0.03	\$0.03	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.03
072	Hospice	2.44	2.64	2.64	\$2.78	\$2.70	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.84
074	Inpatient Hospital 45 Day Psych Contract	21.18	22.94	22.94	\$24.13	\$23.45	1.050	\$0.00	(\$0.24)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24.38
075	Eyeglasses / Contact Lenses	2.24	2.43	2.32	\$2.44	\$2.37	1.050	\$0.00	\$0.00	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$2.51
076	Prosthetics and Orthotics	14.46	15.65	14.95	\$15.73	\$15.29	1.050	\$0.00	\$0.00	\$0.13	\$0.00	\$0.00	\$0.00	\$0.00	\$16.18
077	Hearing Aids	1.50	1.63	1.61	\$1.69	\$1.64	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.73
078	Vision Care	2.46	2.66	2.49	\$2.62	\$2.44	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.56
079	Radiology, Technical Component	54.96	59.51	55.65	\$58.54	\$54.48	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$57.20
080	Laboratory	35.13	38.04	36.33	\$38.22	\$37.15	1.050	\$0.00	\$0.00	\$0.31	\$0.00	\$0.00	\$0.00	\$0.00	\$39.32
082	Federal Qualified Health Contract Service	7.83	8.48	8.48	\$8.92	\$8.67	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9.10
083	Rural Health Clinic Services	0.02	0.02	0.02	\$0.02	\$0.02	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02
087	End-Stage Renal Dialysis	17.62	19.08	18.24	\$19.19	\$18.65	1.050	\$0.00	\$0.00	\$0.15	\$0.00	\$0.00	\$0.00	\$0.00	\$19.74
090	Nurse Midwife Services	0.02	0.02	0.02	\$0.02	\$0.02	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02
091	Nurse Practitioner Services	8.78	9.51	8.93	\$9.39	\$8.77	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9.21
	Dialectical Behavioral Therapy	0.67	0.58	0.58	\$0.61	\$0.59	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.62
	Health Care Home Care Coordination	0.00	0.00	0.00	\$2.51	\$2.44	1.050	\$0.00	\$0.00	\$0.00	\$1.38	\$0.00	\$0.00	\$0.00	\$3.94
	Total Acute Base Rate	\$1,465.13	\$1,789.10	\$1,748.83	\$1,837.35	\$1,778.89									\$1,863.16
	Prescription Drugs	\$706.17	\$867.80	\$867.80	\$945.77	\$919.21	1.090	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02	\$39.18	\$0.00	\$1,041.13
	Spenddown	2.63	1.13	1.13	\$1.13	\$1.10	1.000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.10
	Grand Total	\$2,173.93	\$2,658.03	\$2,617.76	\$2,784.25	\$2,699.20	\$171.71	\$1.05	(\$9.74)	\$2.60	\$1.38	\$0.02	\$39.18	\$0.00	\$2,905.39
	Mental Health Targeted Case Management	\$51.05	\$49.90	\$49.90	\$59.49	\$57.71	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41.06	\$101.66
	2005 Eligible Months	8,584													

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Appendix 2
Special Need BasicCare
2011 Per Member Per Month Rate Development

Population: Single Eligibles, Non-Metro Counties, Institutional

COS	Description	DHS 2005	January -	October -	January -	September -	Trend	Increase in	Inpatient	Removal of	Health Care	Varicella	PPACA	MH-TCM 2011	2011 PMPM
		Liability	September 2009	December 2009	August 2010	December 2010									
001	Inpatient Hospital General	\$551.80	\$752.90	\$745.54	\$784.31	\$762.29	1.050	\$0.00	(\$7.39)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$793.01
006	Rehabilitation	9.84	10.65	10.55	\$11.10	\$10.79	1.050	\$0.00	(\$0.10)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11.22
007	Outpatient Hospital Services	53.00	57.39	54.81	\$57.66	\$56.04	1.050	\$0.00	\$0.00	\$0.47	\$0.00	\$0.00	\$0.00	\$0.00	\$59.32
014	Inpatient Hospital IMD	6.41	6.94	6.87	\$7.23	\$7.03	1.050	\$0.00	(\$0.07)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.31
015	Inpatient Long Term Hospital	17.31	22.87	22.64	\$23.82	\$23.15	1.050	\$0.00	(\$0.22)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24.08
020	Home Health Services	0.62	0.58	0.57	\$0.56	\$0.54	1.110	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.60
032	Medical Supply / DME	73.25	79.32	76.66	\$80.65	\$78.39	1.050	\$0.00	\$0.00	\$0.49	\$0.00	\$0.00	\$0.00	\$0.00	\$82.80
036	Transport, Special	68.56	74.24	74.24	\$78.10	\$75.91	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$79.71
037	Transport, Ambulance	43.38	46.97	46.97	\$49.41	\$48.02	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.42
040	Child and Teen Checkup	0.03	0.04	0.04	\$0.04	\$0.04	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.04
041	Anesthesia	8.87	9.60	9.60	\$10.10	\$9.82	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.31
043	Physician Services	154.67	167.49	158.67	\$166.92	\$156.90	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$164.75
045	Dental	18.46	19.99	19.99	\$16.30	\$15.84	1.050	\$1.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17.68
046	Mental Health	27.24	30.04	30.04	\$31.60	\$30.71	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32.25
051	Physical Therapy	46.48	52.35	48.95	\$51.50	\$50.88	1.050	\$0.00	\$0.00	\$0.43	\$0.00	\$0.00	\$0.00	\$0.00	\$53.86
053	Speech Therapy	12.94	14.57	13.62	\$14.33	\$14.16	1.050	\$0.00	\$0.00	\$0.12	\$0.00	\$0.00	\$0.00	\$0.00	\$14.99
054	Occupational Therapy	39.25	44.21	41.46	\$43.62	\$43.07	1.050	\$0.00	\$0.00	\$0.35	\$0.00	\$0.00	\$0.00	\$0.00	\$45.57
055	Podiatry	0.90	0.97	0.91	\$0.96	\$0.89	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.93
056	Ambulatory Surgery	1.27	1.37	1.31	\$1.38	\$1.34	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$1.42
057	Chiropractic	0.28	0.30	0.28	\$0.29	\$0.27	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.28
058	Audiology	0.42	0.45	0.42	\$0.44	\$0.41	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.43
062	Chemical Dependency	4.38	4.93	4.93	\$5.19	\$5.04	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5.29
063	CD Extended Care / Halfway House	0.00	0.00	0.00	\$0.00	\$0.00	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
072	Hospice	4.13	4.47	4.47	\$4.70	\$4.57	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.80
074	Inpatient Hospital 45 Day Psych Contract	15.53	16.82	16.82	\$17.69	\$17.19	1.050	\$0.00	(\$0.18)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87
075	Eyeglasses / Contact Lenses	2.18	2.36	2.26	\$2.38	\$2.31	1.050	\$0.00	\$0.00	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$2.44
076	Prosthetics and Orthotics	21.35	23.12	22.08	\$23.23	\$22.58	1.050	\$0.00	\$0.00	\$0.19	\$0.00	\$0.00	\$0.00	\$0.00	\$23.90
077	Hearing Aids	0.47	0.51	0.50	\$0.53	\$0.52	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.55
078	Vision Care	2.12	2.30	2.16	\$2.27	\$2.13	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.24
079	Radiology, Technical Component	54.63	59.16	55.35	\$58.23	\$54.21	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$56.92
080	Laboratory	31.75	34.38	32.83	\$34.54	\$33.57	1.050	\$0.00	\$0.00	\$0.29	\$0.00	\$0.00	\$0.00	\$0.00	\$35.53
082	Federal Qualified Health Contract Service	1.61	1.74	1.74	\$1.83	\$1.78	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.87
083	Rural Health Clinic Services	8.06	8.73	8.73	\$9.18	\$8.92	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9.37
087	End-Stage Renal Dialysis	12.85	13.92	13.31	\$14.00	\$13.61	1.050	\$0.00	\$0.00	\$0.11	\$0.00	\$0.00	\$0.00	\$0.00	\$14.40
088	Public Health Nursing	0.01	0.01	0.01	\$0.01	\$0.01	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01
090	Nurse Midwife Services	0.02	0.02	0.02	\$0.02	\$0.02	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02
091	Nurse Practitioner Services	4.16	4.50	4.25	\$4.47	\$4.19	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.40
	Dialectical Behavioral Therapy	0.67	0.58	0.58	\$0.61	\$0.59	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.62
	Health Care Home Care Coordination	0.00	0.00	0.00	\$2.51	\$2.44	1.050	\$0.00	\$0.00	\$0.00	\$1.38	\$0.00	\$0.00	\$0.00	\$3.94
	Total Acute Base Rate	\$1,298.90	\$1,570.79	\$1,534.18	\$1,611.70	\$1,560.17									\$1,635.17
	Prescription Drugs	\$586.16	\$720.42	\$720.42	\$785.12	\$763.07	1.090	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02	\$32.52	\$0.00	\$864.29
	Spenddown	2.26	0.96	0.96	\$0.96	\$0.93	1.000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.93
	Grand Total	\$1,887.32	\$2,292.17	\$2,255.56	\$2,397.78	\$2,324.17	\$146.72	\$1.05	(\$7.96)	\$2.49	\$1.38	\$0.02	\$32.52	\$0.00	\$2,500.38
	Mental Health Targeted Case Management	\$51.05	\$49.90	\$49.90	\$59.49	\$57.71	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41.06	\$101.66
	2005 Eligible Months	4,546													

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**Appendix 2
Special Need BasicCare
2011 Per Member Per Month Rate Development**

Population: Single Eligibles, Metro Counties, Community

COS	Description	DHS 2005	January -	October -	January -	September -	Trend	Increase in	Inpatient	Removal of	Health Care	Varicella	PPACA	MH-TCM 2011	2011 PMPM
		Liability	September 2009	December 2009	August 2010	December 2010									
001	Inpatient Hospital General	\$337.31	\$534.30	\$528.96	\$556.47	\$540.84	1.050	\$0.00	(\$5.24)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$562.64
006	Rehabilitation	6.65	8.36	8.28	\$8.71	\$8.47	1.050	\$0.00	(\$0.08)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.81
007	Outpatient Hospital Services	44.96	56.52	53.98	\$56.79	\$55.20	1.050	\$0.00	\$0.00	\$0.47	\$0.00	\$0.00	\$0.00	\$0.00	\$58.43
014	Inpatient Hospital IMD	0.89	1.12	1.11	\$1.17	\$1.14	1.050	\$0.00	(\$0.01)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.19
015	Inpatient Long Term Hospital	13.08	20.05	19.85	\$20.88	\$20.29	1.050	\$0.00	(\$0.20)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$21.11
020	Home Health Services	16.90	18.41	17.94	\$17.76	\$17.26	1.110	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$19.16
029	RTC - Mental Health	2.74	3.45	3.45	\$3.63	\$3.53	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.71
032	Medical Supply / DME	37.39	47.01	44.95	\$47.29	\$45.96	1.050	\$0.00	\$0.00	\$0.38	\$0.00	\$0.00	\$0.00	\$0.00	\$48.64
036	Transport, Special	5.18	6.51	6.51	\$6.85	\$6.66	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6.99
037	Transport, Ambulance	15.14	19.03	19.03	\$20.02	\$19.46	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20.43
040	Child and Teen Checkup	0.05	0.06	0.06	\$0.06	\$0.06	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.06
041	Anesthesia	4.82	6.05	6.05	\$6.36	\$6.18	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6.49
043	Physician Services	107.29	134.88	127.60	\$134.24	\$126.26	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$132.57
045	Dental	11.88	14.94	14.94	\$12.18	\$11.84	1.050	\$1.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13.48
046	Mental Health	67.78	86.78	86.78	\$91.29	\$88.73	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$93.17
051	Physical Therapy	3.38	4.41	4.12	\$4.33	\$4.28	1.050	\$0.00	\$0.00	\$0.04	\$0.00	\$0.00	\$0.00	\$0.00	\$4.53
053	Speech Therapy	0.77	1.00	0.93	\$0.98	\$0.97	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$1.03
054	Occupational Therapy	2.18	2.85	2.66	\$2.80	\$2.76	1.050	\$0.00	\$0.00	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$2.92
055	Podiatry	0.93	1.17	1.09	\$1.15	\$1.07	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.12
056	Ambulatory Surgery	1.20	1.51	1.44	\$1.51	\$1.47	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$1.56
057	Chiropractic	0.67	0.84	0.79	\$0.83	\$0.78	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.82
058	Audiology	0.20	0.26	0.24	\$0.25	\$0.23	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.24
062	Chemical Dependency	11.33	14.82	14.82	\$15.59	\$15.15	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.91
063	CD Extended Care / Halfway House	1.56	1.96	1.96	\$2.06	\$2.00	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.10
072	Hospice	6.78	8.53	8.53	\$8.97	\$8.72	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9.16
074	Inpatient Hospital 45 Day Psych Contract	31.56	39.68	39.68	\$41.74	\$40.57	1.050	\$0.00	(\$0.42)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$42.18
075	Eyeglasses / Contact Lenses	1.99	2.50	2.39	\$2.51	\$2.44	1.050	\$0.00	\$0.00	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$2.58
076	Prosthetics and Orthotics	3.92	4.92	4.70	\$4.94	\$4.80	1.050	\$0.00	\$0.00	\$0.04	\$0.00	\$0.00	\$0.00	\$0.00	\$5.08
077	Hearing Aids	0.40	0.50	0.49	\$0.52	\$0.51	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.54
078	Vision Care	1.11	1.39	1.30	\$1.37	\$1.27	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.33
079	Radiology, Technical Component	37.98	47.75	44.65	\$46.97	\$43.71	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$45.90
080	Laboratory	16.82	21.15	20.20	\$21.25	\$20.65	1.050	\$0.00	\$0.00	\$0.17	\$0.00	\$0.00	\$0.00	\$0.00	\$21.86
082	Federal Qualified Health Contract Service	16.98	21.34	21.34	\$22.45	\$21.82	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$22.91
083	Rural Health Clinic Services	0.07	0.09	0.09	\$0.09	\$0.09	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.09
087	End-Stage Renal Dialysis	8.28	10.41	9.94	\$10.46	\$10.17	1.050	\$0.00	\$0.00	\$0.09	\$0.00	\$0.00	\$0.00	\$0.00	\$10.77
088	Public Health Nursing	0.15	0.18	0.17	\$0.18	\$0.17	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.18
090	Nurse Midwife Services	0.12	0.15	0.14	\$0.15	\$0.15	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16
091	Nurse Practitioner Services	1.65	2.08	2.00	\$2.10	\$1.99	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.09
999	Unable to Define	0.01	0.01	0.01	\$0.01	\$0.01	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01
	Dialectical Behavioral Therapy	0.67	0.68	0.68	\$0.72	\$0.70	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.74
	Health Care Home Care Coordination	0.00	0.00	0.00	\$2.51	\$2.44	1.050	\$0.00	\$0.00	\$0.00	\$1.38	\$0.00	\$0.00	\$0.00	\$3.94
	Total Acute Base Rate	\$822.76	\$1,147.65	\$1,123.85	\$1,180.15	\$1,140.80									\$1,196.61
	Prescription Drugs	\$271.65	\$387.86	\$387.86	\$422.63	\$410.76	1.090	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02	\$17.51	\$0.00	\$465.25
	Spenddown	6.96	2.12	2.12	\$2.12	\$2.06	1.000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.06
	Grand Total	\$1,101.36	\$1,537.63	\$1,513.83	\$1,604.90	\$1,553.62	\$95.04	\$1.05	(\$5.95)	\$1.26	\$1.38	\$0.02	\$17.51	\$0.00	\$1,663.92
	Mental Health Targeted Case Management	\$51.05	\$57.93	\$57.93	\$69.07	\$67.00	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$31.31	\$101.66
	NF Add-on					\$15.44									\$15.36
	2005 Eligible Months	235,448													

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**Appendix 2
Special Need BasicCare
2011 Per Member Per Month Rate Development**

Population: Single Eligibles, Non-Metro Counties, Community

COS	Description	DHS 2005 Liability PMPM	January - September 2009 PMPM Rates	October - December 2009 PMPM Rates	January - August 2010 PMPM Rates	September - December 2010 PMPM Rates	Trend	Increase in Dental Rates	Inpatient Ratable Reduction	Removal of Basic Care 1.5% Unallotment	Health Care Home	Varicella Vaccine for Adults	PPACA Provisions	MH-TCM 2011 Assumption Adjustment	2011 PMPM Rates
001	Inpatient Hospital General	\$261.13	\$413.63	\$409.49	\$430.78	\$418.68	1.050	\$0.00	(\$4.06)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$435.56
006	Rehabilitation	7.72	9.71	9.61	\$10.11	\$9.83	1.050	\$0.00	(\$0.10)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.23
007	Outpatient Hospital Services	49.95	62.79	60.09	\$63.21	\$61.43	1.050	\$0.00	\$0.00	\$0.50	\$0.00	\$0.00	\$0.00	\$0.00	\$65.00
014	Inpatient Hospital IMD	7.38	9.28	9.19	\$9.67	\$9.40	1.050	\$0.00	(\$0.09)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9.78
015	Inpatient Long Term Hospital	10.08	15.46	15.31	\$16.11	\$15.66	1.050	\$0.00	(\$0.15)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16.29
020	Home Health Services	19.64	21.39	20.84	\$20.63	\$20.05	1.110	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$22.26
029	RTC - Mental Health	17.15	21.56	21.56	\$22.68	\$22.04	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$23.14
032	Medical Supply / DME	40.04	50.33	48.31	\$50.82	\$49.39	1.050	\$0.00	\$0.00	\$0.37	\$0.00	\$0.00	\$0.00	\$0.00	\$52.23
036	Transport, Special	6.28	7.90	7.90	\$8.31	\$8.08	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.48
037	Transport, Ambulance	15.83	19.90	19.90	\$20.93	\$20.34	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$21.36
040	Child and Teen Checkup	0.05	0.06	0.06	\$0.06	\$0.06	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.06
041	Anesthesia	6.12	7.70	7.70	\$8.10	\$7.87	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.26
043	Physician Services	116.73	146.74	138.61	\$145.82	\$137.02	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$143.87
045	Dental	14.87	18.69	18.69	\$15.24	\$14.81	1.050	\$1.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16.60
046	Mental Health	79.84	102.22	102.22	\$107.54	\$104.52	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$109.75
051	Physical Therapy	4.43	5.79	5.41	\$5.69	\$5.62	1.050	\$0.00	\$0.00	\$0.05	\$0.00	\$0.00	\$0.00	\$0.00	\$5.95
053	Speech Therapy	0.58	0.76	0.71	\$0.75	\$0.74	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.78
054	Occupational Therapy	1.31	1.71	1.60	\$1.68	\$1.66	1.050	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$1.76
055	Podiatry	1.01	1.27	1.20	\$1.26	\$1.18	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.24
056	Ambulatory Surgery	2.25	2.83	2.70	\$2.84	\$2.76	1.050	\$0.00	\$0.00	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$2.92
057	Chiropractic	1.35	1.69	1.58	\$1.66	\$1.54	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.62
058	Audiology	0.18	0.22	0.21	\$0.22	\$0.20	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.21
062	Chemical Dependency	9.01	11.78	11.78	\$12.39	\$12.04	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12.64
063	CD Extended Care / Halfway House	1.14	1.43	1.43	\$1.50	\$1.46	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.53
072	Hospice	5.40	6.79	6.79	\$7.14	\$6.94	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.29
074	Inpatient Hospital 45 Day Psych Contract	13.45	16.91	16.91	\$17.79	\$17.29	1.050	\$0.00	(\$0.18)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17.98
075	Eyeglasses / Contact Lenses	2.43	3.06	2.92	\$3.07	\$2.98	1.050	\$0.00	\$0.00	\$0.03	\$0.00	\$0.00	\$0.00	\$0.00	\$3.15
076	Prosthetics and Orthotics	4.90	6.16	5.88	\$6.19	\$6.02	1.050	\$0.00	\$0.00	\$0.05	\$0.00	\$0.00	\$0.00	\$0.00	\$6.37
077	Hearing Aids	0.62	0.78	0.77	\$0.81	\$0.79	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.83
078	Vision Care	1.67	2.10	1.97	\$2.07	\$1.93	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.03
079	Radiology, Technical Component	44.87	56.41	52.74	\$55.48	\$51.63	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$54.21
080	Laboratory	18.72	23.54	22.48	\$23.65	\$22.99	1.050	\$0.00	\$0.00	\$0.20	\$0.00	\$0.00	\$0.00	\$0.00	\$24.33
082	Federal Qualified Health Contract Service	2.04	2.56	2.56	\$2.69	\$2.61	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.74
083	Rural Health Clinic Services	3.75	4.72	4.72	\$4.97	\$4.83	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5.07
087	End-Stage Renal Dialysis	2.88	3.62	3.46	\$3.64	\$3.54	1.050	\$0.00	\$0.00	\$0.03	\$0.00	\$0.00	\$0.00	\$0.00	\$3.75
088	Public Health Nursing	0.46	0.58	0.56	\$0.59	\$0.57	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.60
090	Nurse Midwife Services	0.05	0.06	0.06	\$0.06	\$0.06	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.06
091	Nurse Practitioner Services	2.20	2.77	2.69	\$2.83	\$2.71	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.85
	Dialectical Behavioral Therapy	0.67	0.68	0.68	\$0.72	\$0.70	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.74
	Health Care Home Care Coordination	0.00	0.00	0.00	\$2.51	\$2.44	1.050	\$0.00	\$0.00	\$0.00	\$1.38	\$0.00	\$0.00	\$0.00	\$3.94
	Total Acute Base Rate	\$778.18	\$1,065.58	\$1,041.29	\$1,092.23	\$1,054.41									\$1,107.46
	Prescription Drugs	\$347.68	\$496.26	\$496.26	\$540.79	\$525.60	1.090	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02	\$22.40	\$0.00	\$595.32
	Spenddown	5.85	1.68	1.68	\$1.68	\$1.63	1.000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.63
	Grand Total	\$1,131.70	\$1,563.52	\$1,539.23	\$1,634.70	\$1,581.64	\$101.23	\$1.05	(\$4.57)	\$1.27	\$1.38	\$0.02	\$22.40	\$0.00	\$1,704.41
	Mental Health Targeted Case Management	\$51.05	\$57.93	\$57.93	\$69.07	\$67.00	1.050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$31.31	\$101.66
	NF Add-on					\$15.44									\$15.36
	2005 Eligible Months	178,307													

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Appendix 3

SNBC 2011 NF Add-On Rate Development

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Special Needs BasicCare
Base Rate Development for Calendar Year 2011 - Non-PINs

December 6, 2010

Appendix 3
Special Needs Basic Care
Preliminary 100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2010
Single Eligible Population

	1/09 - 9/09	1/09 - 8/10	
	\$14.01	\$15.29	
	\$172.09	\$173.99	
	0.125%	0.125%	
	10/09 - 12/09	9/10 - 12/10	CY 2011
NF Add-On	\$13.92	\$14.82	\$15.36
Per Diem	\$171.06	\$168.77	\$169.61
Monthly Freq	0.125%	0.125%	0.125%

Year	Month	(1) Monthly Enrollment	(2) Total NF Add-On Paid to Health Plans	(3) Admissions	NF Days for Admissions in Month by Contract Period			Health Plan Payments to NF for Admissions in Month by Contract Period		
					CY2009	CY2010	CY2011	CY 2009	CY 2010	CY 2011
2009	January	940	13,167	1,1750	72.0	0.0		14,559	0	
	February	947	13,265	1,1838	72.0	0.0		14,667	0	
	March	984	13,784	1,2300	72.0	0.0		15,240	0	
	April	1,027	14,386	1,2838	72.0	0.0		15,906	0	
	May	1,061	14,862	1,3263	72.0	0.0		16,433	0	
	June	1,079	15,114	1,3488	72.0	0.0		16,712	0	
	July	1,105	15,479	1,3813	72.0	0.0		17,114	0	
	August	1,173	16,431	1,4663	72.0	0.0		18,168	0	
	September	1,329	18,616	1,6613	72.0	0.0		20,584	0	
	October	1,400	19,488	1,7500	54.6	17.4		16,331	5,312	
	November	1,452	20,212	1,8150	35.0	37.0		10,858	11,693	
	December	1,440	20,045	1,8000	12.6	59.4		3,879	18,604	
Total 2009 Contract Period		13,937	\$194,849		60.3	11.7		\$180,451	\$35,609	
2010	January	1,430	21,865	1,7875		72.0	0.0		22,393	0
	February	1,463	22,369	1,8288		72.0	0.0		22,909	0
	March	1,508	23,057	1,8850		72.0	0.0		23,614	0
	April	1,548	23,669	1,9350		72.0	0.0		24,240	0
	May	1,584	24,219	1,9800		72.0	0.0		24,804	0
	June	1,594	24,372	1,9925		72.0	0.0		24,961	0
	July	1,627	24,877	2,0338		72.0	0.0		25,477	0
	August	1,647	25,183	2,0588		72.0	0.0		25,791	0
	September	1,667	24,705	2,0838		72.0	0.0		25,321	0
	October	1,687	25,001	2,1088		54.6	17.4		19,416	6,239
	November	1,717	25,446	2,1463		35.0	37.0		12,667	13,480
	December	1,747	25,891	2,1838		12.6	59.4		4,643	22,002
Total 2010 Contract Period		19,219	\$290,654			61.8	10.2		\$256,235	\$41,721
2011	January	1,547	23,762	1,9338			72.0			23,615
	February	1,570	24,109	1,9620			72.0			23,960
	March	1,589	24,411	1,9865			72.0			24,260
	April	1,606	24,671	2,0078			72.0			24,519
	May	1,621	24,892	2,0257			72.0			24,737
	June	1,632	25,071	2,0403			72.0			24,916
	July	1,643	25,239	2,0540			72.0			25,083
	August	1,654	25,407	2,0676			72.0			25,250
	September	1,668	25,627	2,0855			72.0			25,469
	October	1,686	25,894	2,1072			54.6			19,498
	November	1,702	26,137	2,1270			35.0			12,616
	December	1,717	26,369	2,1459			12.6			4,585
Total 2011 Contract Period		19,635	\$301,589				62.1			\$258,507
Grand Total								\$203,118	\$291,844	\$300,228

Appendix 3
Special Needs Basic Care
Preliminary 100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2011
Dual Eligible Population

	1/09 - 9/09	1/09 - 8/10	
	\$13.75	\$13.35	
	\$172.09	\$173.99	
	0.125%	0.125%	
	10/09 - 12/09	9/10 - 12/10	CY 2011
NF Add-On	\$13.67	\$12.95	\$16.16
Per Diem	\$171.06	\$168.77	\$169.61
Monthly Freq	0.125%	0.125%	0.125%

Year	Month	(1) Monthly Enrollment	(2) Total NF Add-On Paid to Health Plans	(3) Admissions	NF Days for Admissions in Month by Contract Period *			Health Plan Payments to NF for Admissions in Month by Contract Period		
					CY2009	CY2010	CY2011	CY 2009	CY 2010	CY 2010
2009	January	1,849	25,428	2,3113	73.0	0.0		29,035	0	
	February	1,900	26,129	2,3750	73.0	0.0		29,836	0	
	March	1,956	26,899	2,4450	73.0	0.0		30,715	0	
	April	2,016	27,724	2,5200	73.0	0.0		31,658	0	
	May	2,101	28,893	2,6263	73.0	0.0		32,992	0	
	June	2,165	29,773	2,7063	73.0	0.0		33,997	0	
	July	2,218	30,502	2,7725	73.0	0.0		34,830	0	
	August	2,336	32,125	2,9200	73.0	0.0		36,683	0	
	September	2,509	34,504	3,1363	73.0	0.0		39,399	0	
	October	2,668	36,472	3,3350	55.3	17.7		31,555	10,263	
	November	2,735	37,387	3,4188	35.5	37.5		20,735	22,332	
	December	2,734	37,374	3,4175	12.8	60.2		7,467	35,812	
Total 2009 Contract Period		27,187	\$373,212		61.4	11.6		\$358,904	\$68,407	
2010	January	2,747	36,672	3,4338		73.0	0.0		43,613	0
	February	2,778	37,086	3,4725		73.0	0.0		44,105	0
	March	2,804	37,433	3,5050		73.0	0.0		44,518	0
	April	2,835	37,847	3,5438		73.0	0.0		45,010	0
	May	2,856	38,128	3,5700		73.0	0.0		45,344	0
	June	2,861	38,194	3,5763		73.0	0.0		45,423	0
	July	2,892	38,608	3,6150		73.0	0.0		45,915	0
	August	2,924	39,035	3,6550		73.0	0.0		46,423	0
	September	2,912	37,710	3,6400		73.0	0.0		44,846	0
	October	2,916	37,762	3,6450		55.3	17.7		34,027	10,935
	November	2,922	37,840	3,6525		35.5	37.5		21,857	23,258
	December	2,925	37,879	3,6563		12.8	60.2		7,881	37,349
Total 2010 Contract Period		34,372	\$454,196			63.2	9.8		\$468,961	\$71,542
2011	January	2,425	39,188	3,0313			73.0			37,532
	February	2,460	39,761	3,0756			73.0			38,080
	March	2,491	40,258	3,1140			73.0			38,556
	April	2,518	40,688	3,1473			73.0			38,968
	May	2,540	41,051	3,1753			73.0			39,316
	June	2,559	41,347	3,1983			73.0			39,599
	July	2,576	41,624	3,2197			73.0			39,865
	August	2,593	41,901	3,2411			73.0			40,130
	September	2,615	42,264	3,2692			73.0			40,478
	October	2,643	42,704	3,3032			55.3			30,989
	November	2,667	43,105	3,3342			35.5			20,051
	December	2,691	43,487	3,3638			12.8			7,287
Total 2011 Contract Period		30,778	\$497,378				63.0			\$410,851
Grand Total								\$403,114	\$537,368	\$482,393

* Days that are 100% covered by Medicare are included.

Appendix 3
Special Needs BasicCare
Preliminary 100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2011
Single Eligible Population

Rate Component	1/10 - 8/10	9/10 - 12/10	2011
Section A			
Monthly Claim Frequency (Rounded)	0.125%		0.125%
(x) Truncated Medicaid Length of Stay	61.8		62.1
(x) Charge per Day	<u>\$173.99</u>		<u>\$169.61</u>
= Initial Rate (1)	\$13.43		\$13.17
Section B			
2011 NF \$ for 2010 Admits			\$41,721
(/) 2011 Eligible Months			<u>19,635</u>
= Tail Rate (2)	\$1.83		\$2.12
Section C			
2010 NF Rates to Health Plans			(\$290,654)
2009 Enrollment Adjustment in 2010			\$5,574
(+) 2010 NF \$ for 2009 Admits			\$35,609
(+) 2010 NF \$ for 2010 Admits			<u>\$256,235</u>
= Enrollment Adjustment Dollars			\$6,763
(/) 2011 Eligible Months			<u>19,635</u>
= Enrollment Adjustment Rate (3)	\$0.29		\$0.34
Section D			
Initial Base Rate = (1)+(2)+(3)	\$15.55	\$15.08	\$15.63
Disenrollment Fee Adjustment	<u>0.983</u>	<u>0.983</u>	<u>0.983</u>
Final Base Rate	\$15.29	\$14.82	\$15.36

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Appendix 3
Special Needs BasicCare
Preliminary 100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2011
Dual Eligible Population

Rate Component	1/10 - 8/10	9/10 - 12/10	2011
Section A			
Monthly Claim Frequency (Rounded)	0.125%		0.125%
(x) Truncated Medicaid Length of Stay	52.9		52.7
(x) Charge per Day	<u>\$173.99</u>		<u>\$169.61</u>
= Initial Rate (1)	\$11.50		\$11.16
Section B			
2011 NF \$ for 2010 Admits			\$71,542
(/) 2011 Eligible Months			<u>30,778</u>
= Tail Rate (2)	\$1.85		\$2.32
Section C			
2010 NF Rates to Health Plans			(\$454,196)
2009 Enrollment Adjustment in 2010			\$7,906
(+) 2010 NF \$ for 2009 Admits			\$68,407
(+) 2010 NF \$ for 2010 Admits			<u>\$468,961</u>
= Enrollment Adjustment Dollars			\$91,077
(/) 2011 Eligible Months			<u>30,778</u>
= Enrollment Adjustment Rate (3)	\$0.23		\$2.96
Section D			
Initial Base Rate = (1)+(2)+(3)	\$13.58	\$13.17	\$16.44
Disenrollment Fee Adjustment	<u>0.983</u>	<u>0.983</u>	<u>0.983</u>
Final Base Rate	\$13.35	\$12.95	\$16.16

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