



15800 Bluemound Road
Suite 400
Brookfield, WI 53005
USA
Tel +1 262 784 2250
Fax +1 262 784 9572

milliman.com

Eric P. Goetsch, FSA
Associate Actuary

December 15, 2008

**Capitated Contracts Ratesetting
Actuarial Certification
Minnesota Disability Health Options for the Physically Disabled**

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, 2009 through December 31, 2009 for the Minnesota Disability Health Options for the Physically Disabled population (MnDHO-PD).

I reviewed the actuarial assumptions and actuarial methods used to develop payment rates for the contract period of January 1, 2009 through December 31, 2009 for MnDHO-PD. The payment rates, methodology, data, and assumptions used to update the rates are documented in our report to DHS of December 8, 2008 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).

I certify the payment rates to be appropriate in that: (1) they reflect historical fee-for-service costs in aggregate, and (2) the assumptions and data used in the development of the rates are reasonable and appropriate.

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, MnDHO-PD, 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 15, 2008



Minnesota Department of **Human Services**

December 15, 2008

Mr. Eric Goetsch, F.S.A.
Milliman, Inc.
15800 Bluemound Road, Suite 400
Brookfield, WI 53005-6069

**RE: Data Reliance for 2009 Minnesota Disability Health Options Capitation Rates for
The Physically Disabled Population**


Dear Eric:

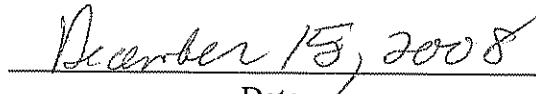
I, Pam Parker, Manager of Special Needs Purchasing, hereby affirm that the listings and summaries prepared and submitted to Milliman, Inc. were prepared under my direction, and to the best of my knowledge and belief are accurate and complete. These listings and summaries include:

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 for the Zostavax vaccine.
3. Population counts, as categorized by MnDHO-PD. This population was divided into Nursing Facility Residents, Nursing Home Certifiable, and Other Community, where the Nursing Home Certifiable population was further subcategorized as TBI-NF, TBI-NB, Home Care Ventilator Dependent, Home Care, and CADI. 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 was supplied by the Forecast and Projections division of DHS to project the fee-for-service data to be used in the calculation of capitation rates for subsequent years.
5. 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.

6. Acute and long term care MnDHO-PD risk scores were provided for the purpose of developing aggregate monthly cost projections for CMS.
7. Over-prediction and under-prediction errors that result when applying the risk weights to institutionalized and community populations of disabled individuals.
8. Required percentage adjustments for legislated premium tax.
9. Medicaid copay changes since 2005.

I affirm that the number of eligibles claims incurral dates, paid claim data, paid claim amounts, summaries, and related data submitted to Milliman, Inc. are, to the best of my knowledge and belief, accurately stated.


Name


Date

**Minnesota Disability Health Options
For the Physically Disabled
Premium Rate Development
For Calendar Year 2009**

Prepared by:

Milliman, Inc.

Eric P. Goetsch, F.S.A.
Actuary

Roman G. Kelly
Actuarial Analyst

December 8, 2008



15800 Bluemound Road, Suite 400
Brookfield, WI 53005-6069
Tel 262-784-2250 Fax 262-784-4116
www.milliman.com

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**Minnesota Disability Health Options
For the Physically Disabled
Premium Rate Development
For Calendar Year 2009**

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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.

I. INTRODUCTION

This report documents the calendar year (CY) 2009 premium rate development for the Minnesota Disability Health Options program for the physically disabled population (MnDHO-PD). The report assumes the reader is familiar with the basic aspects of the MnDHO-PD program and the physically disabled population groups to be covered under the program, long term care services, the Minnesota Medicaid program, and managed care rating principles.

The 2009 payments to the health plan for acute services and prescription drugs will be a product of the acute and prescription drug base rates included in this report and the 2009 risk factors developed by Greg Gifford of the Minnesota Department of Health. The risk factors were developed for the MnDHO-PD and Special Needs BasicCare programs, both of which provide acute services to the disabled population.

With the exception of the Traumatic Brain Injury – Neurobehavioral Hospital (TBI-NB) population, the 2009 payments to the health plan for long term care (LTC) services will be a product of LTC base rates included in this report and the 2009 LTC risk factors developed by the Minnesota Department of Human Services (DHS). The LTC base rates for the TBI-NB population are not risk adjusted; however, the TBI-NB LTC base rates themselves have been adjusted to reflect the expected 2009 LTC costs of the TBI-NB population.

The 2009 payments to the health plan for nursing facility (NF) services will be the NF add-on rates included in this report. The NF add-on rates are not risk adjusted; however, the NF add-on rates themselves have been adjusted to reflect the expected 2009 NF costs of the MnDHO-PD community population.

Caveats and Limitations

This report is intended for use by DHS and participating health plan(s) as they negotiate a contract to provide services to people with physical disabilities in 2009. 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 MnDHO-PD, as well as to CMS to document the rate development.

The results presented in this report are estimates only based on historical fee-for-service Medicaid claim experience for eligibles with physical disabilities. Recent actual MnDHO-PD program experience was also considered and adjustments were made, as necessary, to account for expected cost differences between the fee-for-service population and the MnDHO-PD population. Actual 2009 experience will vary from these estimates.

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.

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

This report was prepared specifically for DHS and the development of CY 2009 base rates for MnDHO-PD 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. RATING METHODOLOGY

Base rates for the MnDHO-PD program are based on projections of historical fee-for-service Medicaid claim experience for eligibles with physical disabilities. Recent actual MnDHO-PD program experience was also considered and adjustments were made, as necessary, to account for expected cost differences between the fee-for-service population and the MnDHO-PD population.

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

The State will issue a single monthly payment to the health plan or its designee for which the health plan must provide the MnDHO-PD benefits set forth in the contract for all enrolled persons.

- ◆ The **acute** and **prescription drug** portion of the monthly payment will be equal to the product of the acute and prescription drug base rates multiplied by the health plan's average acute risk scores. Similarly, the **LTC (for the non-TBI-NB population)** portion of the monthly payment will be equal to the product of the LTC base rates multiplied by the health plan's average LTC risk scores. The average risk scores for each health plan are based on its enrollment. In order to account for variation in risk or health status across enrollees, DHS will calculate these risk scores on a quarterly basis. The risk factor weights will be provided in a separate document.
- ◆ The **LTC (for the TBI-NB population), NF (for all MnDHO-PD community enrollees), and MH-TCM (for all MnDHO-PD enrollees)** portions of the monthly payment will be equal to the LTC base rates, NF add-on rates, and MH-TCM add-on rates, respectively. These portions of the monthly payment are not risk adjusted.

Description of MnDHO-PD Base Rate Categories

Acute and Prescription Drugs

MnDHO-PD has four 2009 base rates for acute and prescription drug services, based on combinations of:

- ◆ **Medicare Coverage:** Medicaid only (single eligible) vs. Medicaid and Medicare (dual eligible). Dual eligible enrollees must be enrolled in both Parts A and B of Medicare.
- ◆ **Institutional Status:** Institutionalized (NF / ICF) vs. Community (all other population categories).

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Long Term Care

MnDHO-PD has four 2009 base rates for LTC services, based on:

- ◆ **Population Category:** Population categories of:
 - Traumatic Brain Injury – Neurobehavioral Hospital (TBI-NB)
 - Traumatic Brain Injury – Nursing Facility (TBI-NF)
 - Community Alternatives for Disabled Individuals (CADI)
 - Home Care (HC)

Nursing Facility

MnDHO-PD has two 2009 base rates for the NF add-on based on Medicare coverage status.

Mental Health Targeted Case Management

MnDHO-PD has four 2009 base rates for the MH-TCM add-on based on Medicare coverage and institutional status.

Base Rate Calculation Methodology

The base rate development is based on CY2005 fee-for-service data, provided by DHS, for eligibles with disabilities. We relied on this data as given, but did perform reasonableness tests where possible.

The fee-for-service data was analyzed to calculate aggregate per member per month (PMPM) amounts for acute care services, LTC 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 MnDHO-PD will be paid on a fee-for-service basis. Additionally, nursing facility costs after the health plan's 180-day nursing facility liability period will be paid on a fee-for-service basis.

The 2009 base rates in Appendix 1 are net of third party collections since third party revenues were removed from the fee-for-service cost experience.

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

Table 1a MnDHO-PD 2009 Rate Development Aggregate 2005 Fee-for-Service Cost Experience PMPM for Eligibles with Disabilities Acute and Prescription Drug Services				
Population		Eligible Months	Acute Cost PMPM Excluding Rx	Rx Cost PMPM
Dual Eligibles	Institutional	10,044	\$377.43	\$767.92
	Community	181,225	324.19	421.99
Single Eligibles	Institutional	5,487	1,924.91	788.99
	Community	196,229	872.09	252.12
Total		392,985	\$621.48	\$351.13

The aggregate fee-for-service cost experience for LTC services for each population group is shown in Table 1b along with the associated eligible months of exposure.

Table 1b MnDHO-PD 2009 Rate Development Aggregate 2005 Fee-for-Service Cost Experience PMPM for Eligibles with Disabilities LTC Services		
Population	Eligible Months	LTC Cost PMPM
TBI-NF	5,756	\$3,561.63
TBI-NB (Diversion Only)	458	8,232.14
CADI	37,891	1,929.44
HC	43,174	1,949.98
Total	87,279	\$2,080.32

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Annual Trends, Cost of Living Adjustments, and Rebasing Adjustments

Acute and Prescription Drugs

The acute and prescription drug fee-for-service costs have been trended to the center of CY 2009 contract period. The annual trend assumptions, based on data provided by DHS, are 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 specific categories of service (COS) in the 2005 fee-for-service data to develop the 2009 acute and prescription drug 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 ($1.8\% = 4.0\% \times 46.0\%$).
- ◆ 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 (inpatient hospital general) and COS 015 (inpatient long-term hospital) were increased 26.0% and 22.0%, respectively, to account for the effect of inpatient hospital rebasing effective January 2007.

Long Term Care

The LTC fee-for-service costs have been trended to the center of CY 2009 contract period. The annual trend and COLA assumptions for LTC services, based on data provided by DHS, are provided in Table 2.

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Table 2						
MnDHO-PD						
2009 Rate Development						
Annual LTC Trend and COLA Assumptions						
January 1, 2005 to July 1, 2009						
LTC Services	2005 to 2006	2006 to 2007	2007 to 2008	2008 to 2009	Four-Year Aggregate Trend	COLA
Personal Care Assistant	1.9%	0.7%	1.8%	1.8%	6.3%	4.0%
Private Duty Nursing	4.1%	5.0%	6.9%	6.0%	23.9%	4.0%
TBI Waiver	7.0%	6.0%	4.9%	4.7%	24.6%	4.0%
CADI Waiver	18.0%	14.9%	12.2%	10.8%	68.6%	4.0%

Spendedown

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.

An adjustment was made to the spenddown experience before adding it to the base rates. 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 MnDHO-PD 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 are collected directly by nursing facilities through a separate process and are therefore not included in the base rates. As a result, Table 3 reflects only the medical spenddown for both community and institutionalized enrollees.

Table 3 contains the PMPM amounts of total medical spenddown added to the acute base rates. These amounts reflect 2005 spenddown experience adjusted as 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

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spenddown amounts is level by month, and not skewed with higher spenddown amounts in the earliest months.

Table 3		
MnDHO-PD		
2009 Rate Development		
Spenddown Amounts Added to the Acute Base Rates		
Population		Spenddown PMPM
Dual Eligibles	Institutional	\$2.94
	Community	27.12
Single Eligibles	Institutional	2.84
	Community	6.17

Adjustment for Utilization Savings and Administration/Margin Requirements

DHS is expecting more cost effective provision of services under the MnDHO-PD program resulting in managed care savings from fee-for-service levels.

Acute and Prescription Drugs

The range of expected savings for acute services and prescription drugs is 8.0% to 13.0% due to reduced utilization. DHS assumed a utilization reduction of 10.0% from fee-for-service levels.

In addition, for acute services and prescription drugs we expect there to be both increased health plan administrative costs and a need for margin due to increased managed care efforts. DHS assumed acute and prescription drug administrative expenses and margin to 9.50% and 0.75% of medical expenses, respectively.

These three factors combine to a net acute and prescription drug savings of 0.8% from the fee-for-service benefit costs. Table 4a contains a summary of these assumptions.

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Table 4a	
MnDHO-PD	
2009 Rate Development	
Range of Utilization Savings Assumptions and Administration/Margin Requirements	
Acute and Prescription Drug Services	
	Assumed
Utilization Reduction	10.0%
Administrative Expense / Margin	10.25%
Net Savings	0.8%
<i>Net Savings Calculation: $(1.00 - 0.10) \times (1.00 + 0.1025) = 0.992$, which is a 0.8% net savings $(1.00 - 0.992 = 0.008)$</i>	

Long Term Care

The range of expected savings for LTC services is 5.0% to 8.0% due to reduced utilization. DHS assumed a utilization reduction of 6.5% from fee-for-service levels.

In addition, for LTC services we expect there to be both increased health plan administrative costs and a need for margin due to increased managed care efforts. DHS assumed LTC administrative expenses and margin to be 5.00% and 0.75% of medical expenses, respectively. The required administration load for LTC services is lower than for acute services since the LTC rates already include amounts for case management services.

These three factors combine to a net LTC savings of 1.1% from the fee-for-service benefit costs. Table 4b contains a summary of these assumptions.

Table 4b	
MnDHO-PD	
2009 Rate Development	
Range of Utilization Savings Assumptions and Administration/Margin Requirements	
Long Term Care Services	
	Assumed
Utilization Reduction	6.5%
Administrative Expense / Margin	5.75%
Net Savings	1.1%
<i>Net Savings Calculations: $(1.00 - 0.065) \times (1.00 + 0.0575) = 0.989$, which is a 1.1% net savings $(1.00 - 0.989 = 0.011)$</i>	

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The LTC risk model being introduced in 2009 results in a reduction of estimated 2009 CADI and TBI revenue of more than \$2,000,000 when compared to what would have produced under the current LTC rate methodology (i.e., 2009 CADI and TBI rates equaling 2008 rates adjusted for trend).

A 2008 fiscal note indicated that the 2009 CADI and TBI rates need to reflect a \$2,000,000 reduction in estimated 2009 CADI and TBI revenue to the managed care organizations (MCOs) when compared to what would have produced under the current LTC rate methodology.

In an effort to “phase-in” the LTC risk scores and maintain compliance with the fiscal note requirements, an increase was made to the base rates in Appendix 2b such that the reduction of estimated 2009 CADI and TBI revenue equals \$2,000,000 when compared to what would have produced under the current LTC rate methodology.

Also under this fiscal note, the number of new enrollees receiving CADI or TBI waiver payments through MnDHO is limited to 200 in each calendar year from January 2009 through December 2011. If those limits are reached, additional members may be enrolled in MnDHO-PD for basic care services only as defined in 256B.69, subdivision 28, and the commissioner may establish a waiting list for future access of MnDHO members to those waiver services.

In addition to the impact of the fiscal note, the LTC risk model being introduced in 2009 results in a reduction of estimated 2009 HC revenue of slightly more than \$1,000,000 when compared to what would have produced under the current LTC rate methodology

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 acute and prescription drug costs by approximately 13%. There was also a bias in the community population to under-predict projected acute and prescription drug costs costs by approximately 1%.

Therefore, the acute and prescription drug base rates for the institutional population were reduced by 13% and the acute and prescription drug base rates for the community population were increased by 1% such that the 2009 acute and prescription drug costs base rates and risk factors remained budget neutral while better accommodating future population mixes that are different than the population mix use to develop the risk scores. These bias factors were calculated by Greg Gifford of the Minnesota Department of Health. We relied on these factors as given, but di perform reasonableness test where possible.

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Extended Chemical Dependency Treatment

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

Freestanding Residential Treatment Centers

Effective January 1, 2009, the MCOs will not be responsible for the room and board portion of chemical dependency costs (COS 062) for stays in freestanding residential treatment centers. The fee-for-service data received from DHS excluded these costs. Therefore, the aggregate fee-for-service cost experience contained in Table 1a accounts for this program change.

Medicare Adjustment for Prescription Drugs

Medicare will provide prescription drug coverage for the dually eligible enrollees in MnDHO-PD. The health plans maintain responsibility for drugs not covered under the standard Medicare Part D plan. DHS supplied information which showed that approximately 2.3% of the cost of prescription drugs for the dual eligible population is not covered by Medicare. Therefore, fee-for-service costs are reduced by 97.7% in the calculation of the base rates for prescription drugs for the dual eligible population.

Adjustment for Zostavax Vaccine

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

DHS estimated 12.8% of the MnDHO-PD single eligible population will be ages 60 years and over. We assumed 10% 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 \$0.20 PMPM ($0.128 \times 0.10 \times \$189.78 / 12$). This cost is included in the 2009 prescription drug base rates in Appendix 1a.

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Adjustments Made to Risk Scores for Targeted Mental Health Enhancement

The acute and prescription drug 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

Beginning July 1, 2009, MnDHO-PD will cover mental health targeted case management (MH-TCM) services that are currently covered via fee-for-service. Table 5 contains the percentage of MnDHO-PD eligibles receiving 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 MnDHO-PD eligibles. In Appendix 2a, 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 ($1.07 \times 1.05 = 1.124$). These amounts are not included in the base rates and therefore will not be risk adjusted. Instead, the MH-TCM amounts will be included in the rates as an add-on and will only be include in the rates for July 2009 through December 2009.

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Table 5			
MnDHO-PD			
2009 Rate Development			
2007 Mental Health Targeted Case Management Experience			
Eligibility	% of MnDHO-PD Eligibles Receiving MH-TCM Services in 2007	2007 PMPM Costs for MH-TCM Eligibles	2007 PMPM Costs for All MnDHO-PD Eligibles
Duals	1.7%	\$507.08	\$8.62
Non-Duals	1.7%	\$488.47	\$8.30

Dialectical Behavioral Therapy

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

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 is being 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 would be 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 MnDHO-PD population is the \$7 per enrollee per month for prescription drugs. Multiplying this maximum drug copay per month of \$7 by

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0.70% gives a benefit cost of \$0.05 PMPM. This cost was added to the prescription drug rates in Appendix 2a.

This factor assumes non-emergency visits to the emergency room are immaterial, that all MnDHO-PD 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 a MnDHO-PD 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.

Costs by Service Category

Acute and Prescription Drugs

Appendix 2a contains actuarial cost models which show the distribution of acute and prescription drug PMPM costs by service category for the four base rate population combinations. For 2005, the total cost of prescription drugs is included in the dual eligible cost models. The 2009 spenddown amounts shown in Appendix 2a are the total adjusted spenddown amounts contained in Table 4.

Long Term Care

Appendix 2b contains actuarial cost models which show the distribution of LTC PMPM costs by service category for the four MnDHO-PD populations that receive LTC revenue (TBI-NB, TBI-NF, CADI, and HC).

The values in Appendix 2b are for single eligibles and dual eligibles combined. For the non-TBI-NB population, the LTC risk scores account for differences in costs between single and dual eligibles. For the TBI-NB population, for which the LTC rates are not risk adjusted, a separate adjustment is made to reflect the expected differences in costs between single and dual eligibles, as contained in Table 6.

Table 6	
MnDHO-PD	
2009 Rate Development	
Medicaid Only vs. Dual Eligibility LTC Rate Adjustments for TBI-NB	
Eligibility	Factor
Medicaid Only	0.897
Dual Eligible	1.113

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Base Rate Components

Acute and Prescription Drugs

Appendix 1 contains the components required to develop the CY 2009 acute and prescription drug base rates for each combination of:

- ◆ Institutional Status -- Institutional (NF population) vs. Community (all other populations) and
- ◆ Medicare Coverage Status -- Dual eligibility vs. Single eligibility (i.e., Medicaid only)

The acute and prescription drug base rates are multiplied by the health plan's average acute risk scores to determine the monthly acute and prescription drug revenue amounts. The acute risk scores in Appendix 1 are for illustrative purposes only and are only an estimate of the true 2009 risk scores for the health plan.

Long Term Care

Appendix 1 contains the components required to develop the CY 2009 LTC base rates for each LTC population (CADI, HC, TBI-NB, and TBI-NF)

With the exception of the TBI-NB population, the LTC base rates are multiplied by the health plan's average LTC risk scores to determine the monthly LTC revenue amounts. The LTC risk scores in Appendix 1 are for illustrative purposes only and are only an estimate of the true 2009 risk scores for the health plan. The LTC base rates for the TBI-NB population are not risk adjusted.

We believe the risk scores developed using the current LTC risk weights for the Home Care population may be too low (i.e., will not appropriately reflect the MCO's Home Care population costs). This is due to the current inability to apply some of the LTC risk model variables to the Home Care population because of a current lack of data for the fee-for-service population. To compensate for this, an increase was made to the Home Care base rate in Appendix 2b to effectively apply a risk score adjustment such that the Home Care population risk score equals the estimated risk scores for the CADI population. The LTC risk model will be updated in future years to better reflect true risk scores for the Home Care population.

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NF Add-on

Appendix 1 contains the CY 2009 NF add-on rates based on Medicare coverage status. The NF add-on rates are not risk adjusted.

Mental Health Targeted Case Management

Appendix 1 contains the CY 2009 MH-TCM add-on rates based on rate cell. The MH-TCM add-on rates are not risk adjusted.

Legislated Premium Tax

The 2009 final capitation rates include the legislated premium tax of 1%.

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III. MnDHO-PD NURSING FACILITY ADD-ON RATE

The health plan will be responsible for the first 180 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 180 days health plan liability. The 180 days may be consecutive days or total days for multiple admissions for a contract year.

The aggregate nursing facility rate for the MnDHO-PD 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 page 2 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 2009 resulting from admissions occurring in CY 2009, divided by projected community eligible months in CY 2009. The initial rate PMPM for CY 2009 is \$74.80.
- ◆ Section B contains the calculation of the tail rate. The tail rate is equal to the expected nursing facility costs for days in CY 2009 resulting from admissions occurring in CY 2008, divided by projected community eligible months in CY 2009. The tail rate PMPM for CY 2009 is \$18.61.
- ◆ Section C contains the calculations of the value of the enrollment adjustment based on updated enrollment. There is an enrollment adjustment for CY 2009 of \$3.36 PMPM. The enrollment adjustments account for plans being underpaid in CY 2008 due to the CY 2008 rates being based on projected CY 2008 enrollment.
- ◆ Section D contains the initial base rate for CY 2009 of \$96.77. The initial base rate has been decreased by 1.7% so that disenrollment fees do not need to be charged. Without this adjustment, a disenrollment fee would need to be paid to the state by the MCO when an institutionalized MnDHO-PD enrollee disenrolls during the 180-day benefit period. The resulting final base rate for CY 2009 is \$95.12

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The data source for the calculation of the frequency, average length-of-stay (ALOS), and average charge per day consists of fee-for-service experience data from CY 2004 and CY 2005 for eligibles with disabilities. This data was compiled by DHS staff. The data reflects experience from the single eligible population (those eligible only for Medicaid) and the dually eligible population (those eligible for both Medicare and Medicaid benefits).

Frequency

The frequency of admission is expressed as the expected number of admissions per eligible on an annual basis. The annual frequency of admission is 6.7%.

Average Length-of-Stay

The ALOS is 102.2 days. This amount includes only the first 180 days per stay for all admissions combined. Skilled nursing facility days reimbursed by Medicare will be included in the 180-day pre-funded liability, with lower payments due to Medicare's portion. In the NF Add-on rate calculation, the length-of-stay is adjusted to exclude days which occur beyond the contract period resulting in an average length of stay of 77.8 days.

Charge Per Day

An initial charge per day of \$163.38 was based on the projected 2008 nursing facility charge per day, prior to any COLA adjustments, using information prepared by DHS for the disabled fee-for-service population. The charge reflects Medicaid reimbursed amounts. The estimated charge per day was increased 1.87% to reflect the COLA for nursing facility services effective January 1, 2008. The estimated charge per day was increased an additional 3.4% for nursing facility trend from 2008 to 2009. The final 2009 estimated charge per day is \$172.09 (\$172.09 = \$163.38 x 1.0187 x 1.034).

Base Rate Calculation

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

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

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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 page 1 of Appendix 3.

Adjustments

Table 6 contains the regional and eligibility adjustments based on historical fee-for-service nursing facility cost experience by Medicare eligibility.

Table 6 MnDHO-PD 2009 Rate Development NF Add-On Medicaid Only vs. Dual Eligibility Rate Adjustments	
Eligibility	Factor
Medicaid Only	0.772
Dual Eligible	1.080

The historical cost experience showed that Medicaid only eligibles had much lower costs than dual eligibles.

Final NF Add-On Rates

The resulting 2009 NF add-on rates are contained in Table 7. The value of the 180-day benefit in the capitation payment includes the dollar value of the institutional spenddown amount.

Table 7 MnDHO-PD 2009 Rate Development Final 2009 NF Add-On Rates	
Eligibility	Factor
Medicaid Only	\$73.43
Dual Eligible	102.73

Note that the 2009 NF add-on rates contain one set of rates, applicable to both the nursing home certifiable populations and other community populations.

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Appendix 1

MnDHO-PD 2009 Base Rate Table

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**Appendix 1
MnDHO-PD
2009 Rate Components Per Member Per Month (PMPM)**

Column:			A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q		
Reference:			From App. 2a	From App. 2a	From App. 2a	A + B + C	From Risk Model	D x E	From App. 2b	From App. 2b	G + H	From Risk Model	I x J	From App. 3	From App. 2a	F + K + L	N / 0.99	M + N	P / 0.99		
Population			Rate Cell	Acute and Prescriptions Drugs							Long Term Care					NF Add-On	MH-TCM Add-On	Total MnDHO-PD Rate 1/09 - 6/09	Total MnDHO-PD Rate Incl. Premium Tax 1/09 - 6/09	Total MnDHO-PD Rate 7/09 - 12/09	Total MnDHO-PD Rate Incl. Premium Tax 7/09 - 12/09
				Acute Base Rate	Rx Base Rate	Spnddown Adjustment	Acute Base Rate for Risk Adjustment	Acute Risk Score	Base Rate After Risk Adjustment	PCA/PDN Base Rate	Other LTC Waiver Services	Total LTC Base Rate	LTC Risk Score	LTC Base Rate After Risk Adjustment							
Other Community	Dual Eligibles		A	\$414.51	\$13.78	\$27.12	\$455.41	1.9029	\$866.61	N/A	N/A	N/A	N/A	\$102.73	\$9.71	\$969.34	\$979.13	\$979.05	\$988.94		
	Single Eligibles		A	1,211.45	357.02	6.17	1,574.64	1.9930	3,138.32	N/A	N/A	N/A	N/A	73.43	9.35	3,211.75	3,244.19	3,221.10	3,253.64		
CADI	Dual Eligibles	Diversion	B	\$414.51	\$13.78	\$27.12	\$455.41	1.9029	\$866.61	\$740.15	\$3,447.98	\$4,188.13	1.2910	\$5,406.97	\$102.73	\$9.71	\$6,376.31	\$6,440.72	\$6,386.02	\$6,450.53	
		Conversion	K	414.51	13.78	27.12	455.41	1.9029	866.61	740.15	3,447.98	4,188.13	1.2910	5,406.97	N/A	9.71	6,273.58	6,336.95	6,283.29	6,346.76	
	Single Eligibles	Diversion	B	1,211.45	357.02	6.17	1,574.64	1.9930	3,138.32	740.15	3,447.98	4,188.13	1.1213	4,696.27	73.43	9.35	7,908.02	7,987.90	7,917.37	7,997.34	
		Conversion	K	1,211.45	357.02	6.17	1,574.64	1.9930	3,138.32	740.15	3,447.98	4,188.13	1.1213	4,696.27	N/A	9.35	7,834.59	7,913.73	7,843.94	7,923.17	
HC	Dual Eligibles		E	\$414.51	\$13.78	\$27.12	\$455.41	1.9029	\$866.61	\$2,877.30	\$94.28	\$2,971.58	1.0053	\$2,987.26	\$102.73	\$9.71	\$3,956.60	\$3,996.57	\$3,966.31	\$4,006.37	
	Single Eligibles		E	1,211.45	357.02	6.17	1,574.64	1.9930	3,138.32	2,877.30	94.28	2,971.58	0.8409	2,498.76	73.43	9.35	5,710.51	5,768.19	5,719.86	5,777.64	
TBI-NB	Dual Eligibles	Diversion	I	\$414.51	\$13.78	\$27.12	\$455.41	1.9029	\$866.61	\$104.30	\$13,378.22	\$13,482.51	N/A	\$13,482.51	\$102.73	\$9.71	\$14,451.85	\$14,597.83	\$14,461.56	\$14,607.64	
		Conversion	R	414.51	13.78	27.12	455.41	1.9029	866.61	104.30	13,378.22	13,482.51	N/A	13,482.51	N/A	9.71	14,349.12	14,494.07	14,358.83	14,503.87	
	Single Eligibles	Diversion	I	1,211.45	357.02	6.17	1,574.64	1.9930	3,138.32	84.06	10,781.90	10,865.96	N/A	10,865.96	73.43	9.35	14,077.71	14,219.91	14,087.06	14,229.36	
		Conversion	R	1,211.45	357.02	6.17	1,574.64	1.9930	3,138.32	84.06	10,781.90	10,865.96	N/A	10,865.96	N/A	9.35	14,004.28	14,145.74	14,013.63	14,155.18	
TBI-NF	Dual Eligibles	Diversion	J	\$414.51	\$13.78	\$27.12	\$455.41	1.9029	\$866.61	\$713.17	\$3,730.50	\$4,443.67	1.4089	\$6,260.55	\$102.73	\$9.71	\$7,229.89	\$7,302.92	\$7,239.60	\$7,312.73	
		Conversion	S	414.51	13.78	27.12	455.41	1.9029	866.61	713.17	3,730.50	4,443.67	1.4089	6,260.55	N/A	9.71	7,127.16	7,199.15	7,136.87	7,208.96	
	Single Eligibles	Diversion	J	1,211.45	357.02	6.17	1,574.64	1.9930	3,138.32	713.17	3,730.50	4,443.67	1.2127	5,388.70	73.43	9.35	8,600.45	8,687.32	8,609.80	8,696.77	
		Conversion	S	1,211.45	357.02	6.17	1,574.64	1.9930	3,138.32	713.17	3,730.50	4,443.67	1.2127	5,388.70	N/A	9.35	8,527.02	8,613.15	8,536.37	8,622.60	
NF	Dual Eligibles		U	\$422.50	\$21.58	\$2.94	\$447.02	1.9029	\$850.63	N/A	N/A	N/A	N/A	N/A	\$8.36	\$850.63	\$859.22	\$858.99	\$867.67		
	Single Eligibles		U	2,350.29	961.96	2.84	3,315.09	1.9930	6,607.09	N/A	N/A	N/A	N/A	N/A	8.05	6,607.09	6,673.83	6,615.14	6,681.96		

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Appendix 2a

MnDHO-PD PMPM Acute and Prescription Drug Cost Models

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Appendix 2a
MnDHO PD
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Services: Acute Services and Prescription Drugs
Institutional Status: Institutionalized
Medicare Eligibility: Dual Eligibles

COS	Description	2005 FFS Cost PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Utilization Savings	Administrative Load	LTC Base Rate Adjustment	Estimated 2009 PMPM
001	Inpatient Hospital General	\$53.17	1.245	1.260	0.87	0.900	1.1025	1.0000	\$72.00
006	Rehabilitation	0.30	1.245	1.000	0.87	0.900	1.1025	1.0000	0.33
007	Outpatient Hospital Services	15.79	1.245	1.000	0.87	0.900	1.1025	1.0000	16.98
015	Inpatient Long Term Hospital	1.19	1.245	1.220	0.87	0.900	1.1025	1.0000	1.56
020	Home Health Services	0.18	1.037	1.040	0.87	0.900	1.1025	1.0000	0.17
032	Medical Supply / DME	48.15	1.245	1.000	0.87	0.900	1.1025	1.0000	51.75
036	Transport, Special	61.55	1.245	1.000	0.87	0.900	1.1025	1.0000	66.15
037	Transport, Ambulance	11.56	1.245	1.000	0.87	0.900	1.1025	1.0000	12.42
041	Anesthesia	1.74	1.245	1.000	0.87	0.900	1.1025	1.0000	1.87
043	Physician Services	55.61	1.245	1.000	0.87	0.900	1.1025	1.0000	59.77
045	Dental	19.27	1.245	1.000	0.87	0.900	1.1025	1.0000	20.71
046	Mental Health	35.34	1.245	1.018	0.87	0.900	1.1025	1.0000	38.67
051	Physical Therapy	6.63	1.245	1.040	0.87	0.900	1.1025	1.0000	7.41
053	Speech Therapy	2.03	1.245	1.040	0.87	0.900	1.1025	1.0000	2.27
054	Occupational Therapy	14.41	1.245	1.040	0.87	0.900	1.1025	1.0000	16.10
055	Podiatry	0.81	1.245	1.000	0.87	0.900	1.1025	1.0000	0.87
056	Ambulatory Surgery	0.01	1.245	1.000	0.87	0.900	1.1025	1.0000	0.01
057	Chiropractic	0.04	1.245	1.000	0.87	0.900	1.1025	1.0000	0.04
058	Audiology	0.28	1.245	1.000	0.87	0.900	1.1025	1.0000	0.31
062	Chemical Dependency	1.17	1.245	1.040	0.87	0.900	1.1025	1.0000	1.31
072	Hospice	2.63	1.245	1.000	0.87	0.900	1.1025	1.0000	2.83
074	Inpatient Hospital 45 Day Psych Contract	0.82	1.245	1.000	0.87	0.900	1.1025	1.0000	0.89
075	Eyeglasses / Contact Lenses	2.69	1.245	1.000	0.87	0.900	1.1025	1.0000	2.89
076	Prosthetics and Orthotics	3.68	1.245	1.000	0.87	0.900	1.1025	1.0000	3.96
077	Hearing Aids	0.67	1.245	1.000	0.87	0.900	1.1025	1.0000	0.71
078	Vision Care	2.31	1.245	1.000	0.87	0.900	1.1025	1.0000	2.48
079	Radiology, Technical Component	14.30	1.245	1.000	0.87	0.900	1.1025	1.0000	15.37
080	Laboratory	1.15	1.245	1.000	0.87	0.900	1.1025	1.0000	1.24
082	Federal Qualified Health Contract Service	3.50	1.245	1.000	0.87	0.900	1.1025	1.0000	3.76
087	End-Stage Renal Dialysis	14.66	1.245	1.000	0.87	0.900	1.1025	1.0000	15.76
088	Public Health Nursing	0.01	1.245	1.000	0.87	0.900	1.1025	1.0000	0.01
091	Nurse Practitioner Services	1.59	1.245	1.000	0.87	0.900	1.1025	1.0000	1.71
999	Unable to Define	0.17	1.245	1.000	0.87	0.900	1.1025	1.0000	0.19
	Dialectical Behavioral Therapy	0.67	1.000	1.000	0.87	0.900	1.1025	1.0000	0.58
	Total Acute without Prescription Drugs	\$377.43							\$422.50
	Prescription Drugs	767.92	1.412	0.023	0.87	0.900	1.1025	1.0000	21.58 *
	Spenddown	3.40							2.94
	Grand Total Acute	\$1,148.74							\$447.02
	Mental Health Targeted Case Management	\$8.62	1.124	1.000	0.87	0.900	1.1025	1.0000	\$8.36
	2005 Eligible Months	10,044							

* Estimated 2009 PMPM includes an additional \$0.05 for Medicaid copay changes

Appendix 2a
MnDHO PD
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Services: Acute Services and Prescription Drugs
Institutional Status: Community
Medicare Eligibility: Dual Eligibles

COS	Description	2005 FFS Cost PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Utilization Savings	Administrative Load	LTC Base Rate Adjustment	Estimated 2009 PMPM
001	Inpatient Hospital General	\$32.76	1.245	1.260	1.01	0.900	1.1025	1.0000	\$51.50
006	Rehabilitation	0.25	1.245	1.000	1.01	0.900	1.1025	1.0000	0.31
007	Outpatient Hospital Services	16.72	1.245	1.000	1.01	0.900	1.1025	1.0000	20.86
014	Inpatient Hospital IMD	0.08	1.245	1.000	1.01	0.900	1.1025	1.0000	0.10
015	Inpatient Long Term Hospital	5.48	1.245	1.220	1.01	0.900	1.1025	1.0000	8.34
020	Home Health Services	28.65	1.037	1.040	1.01	0.900	1.1025	1.0000	30.96
029	RTC - Mental Health	0.74	1.245	1.000	1.01	0.900	1.1025	1.0000	0.92
032	Medical Supply / DME	17.75	1.245	1.000	1.01	0.900	1.1025	1.0000	22.15
036	Transport, Special	11.99	1.245	1.000	1.01	0.900	1.1025	1.0000	14.96
037	Transport, Ambulance	3.81	1.245	1.000	1.01	0.900	1.1025	1.0000	4.75
041	Anesthesia	1.04	1.245	1.000	1.01	0.900	1.1025	1.0000	1.30
043	Physician Services	41.79	1.245	1.000	1.01	0.900	1.1025	1.0000	52.15
045	Dental	13.00	1.245	1.000	1.01	0.900	1.1025	1.0000	16.22
046	Mental Health	98.45	1.245	1.018	1.01	0.900	1.1025	1.0000	125.05
051	Physical Therapy	1.43	1.245	1.040	1.01	0.900	1.1025	1.0000	1.85
053	Speech Therapy	0.12	1.245	1.040	1.01	0.900	1.1025	1.0000	0.16
054	Occupational Therapy	2.36	1.245	1.040	1.01	0.900	1.1025	1.0000	3.06
055	Podiatry	0.32	1.245	1.000	1.01	0.900	1.1025	1.0000	0.39
056	Ambulatory Surgery	0.03	1.245	1.000	1.01	0.900	1.1025	1.0000	0.04
057	Chiropractic	0.55	1.245	1.000	1.01	0.900	1.1025	1.0000	0.69
058	Audiology	0.08	1.245	1.000	1.01	0.900	1.1025	1.0000	0.10
062	Chemical Dependency	5.82	1.245	1.040	1.01	0.900	1.1025	1.0000	7.55
063	CD Extended Care / Halfway House	4.06	1.245	1.000	1.01	0.900	1.1025	1.0000	5.07
072	Hospice	3.25	1.245	1.000	1.01	0.900	1.1025	1.0000	4.06
074	Inpatient Hospital 45 Day Psych Contract	2.45	1.245	1.000	1.01	0.900	1.1025	1.0000	3.05
075	Eyeglasses / Contact Lenses	2.02	1.245	1.000	1.01	0.900	1.1025	1.0000	2.52
076	Prosthetics and Orthotics	1.60	1.245	1.000	1.01	0.900	1.1025	1.0000	2.00
077	Hearing Aids	0.45	1.245	1.000	1.01	0.900	1.1025	1.0000	0.56
078	Vision Care	0.93	1.245	1.000	1.01	0.900	1.1025	1.0000	1.16
079	Radiology, Technical Component	12.25	1.245	1.000	1.01	0.900	1.1025	1.0000	15.28
080	Laboratory	1.49	1.245	1.000	1.01	0.900	1.1025	1.0000	1.86
082	Federal Qualified Health Contract Service	4.39	1.245	1.000	1.01	0.900	1.1025	1.0000	5.47
083	Rural Health Clinic Services	0.01	1.245	1.000	1.01	0.900	1.1025	1.0000	0.02
087	End-Stage Renal Dialysis	6.74	1.245	1.000	1.01	0.900	1.1025	1.0000	8.41
088	Public Health Nursing	0.05	1.245	1.000	1.01	0.900	1.1025	1.0000	0.06
090	Nurse Midwife Services	0.01	1.245	1.000	1.01	0.900	1.1025	1.0000	0.01
091	Nurse Practitioner Services	0.23	1.245	1.000	1.01	0.900	1.1025	1.0000	0.28
999	Unable to Define	1.04	1.245	1.000	1.01	0.900	1.1025	1.0000	1.29
	Dialectical Behavioral Therapy	0.67	1.000	1.000	1.01	0.900	1.1025	1.0000	0.67
	Total Acute without Prescription Drugs	\$324.19							\$414.51
	Prescription Drugs	421.99	1.412	0.023	1.01	0.900	1.1025	1.0000	13.78 *
	Spenddown	31.40							27.12
	Grand Total Acute	\$777.58							\$455.41
	Mental Health Targeted Case Management	\$8.62	1.124	1.000	1.01	0.900	1.1025	1.0000	\$9.71
	2005 Eligible Months	181,225							

* Estimated 2009 PMPM includes an additional \$0.05 for Medicaid copay changes

Appendix 2a
MnDHO PD
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Services: Acute Services and Prescription Drugs
Institutional Status: Institutionalized
Medicare Eligibility: Single Eligibles

COS	Description	2005 FFS Cost PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Utilization Savings	Administrative Load	LTC Base Rate Adjustment	Estimated 2009 PMPM
001	Inpatient Hospital General	\$970.66	1.245	1.260	0.87	0.900	1.1025	1.0000	\$1,314.47
006	Rehabilitation	11.46	1.245	1.000	0.87	0.900	1.1025	1.0000	12.32
007	Outpatient Hospital Services	73.48	1.245	1.000	0.87	0.900	1.1025	1.0000	78.97
014	Inpatient Hospital IMD	3.10	1.245	1.000	0.87	0.900	1.1025	1.0000	3.33
015	Inpatient Long Term Hospital	13.28	1.245	1.220	0.87	0.900	1.1025	1.0000	17.41
020	Home Health Services	1.02	1.037	1.040	0.87	0.900	1.1025	1.0000	0.95
032	Medical Supply / DME	68.61	1.245	1.000	0.87	0.900	1.1025	1.0000	73.73
036	Transport, Special	45.30	1.245	1.000	0.87	0.900	1.1025	1.0000	48.69
037	Transport, Ambulance	74.00	1.245	1.000	0.87	0.900	1.1025	1.0000	79.53
041	Anesthesia	11.21	1.245	1.000	0.87	0.900	1.1025	1.0000	12.04
043	Physician Services	211.48	1.245	1.000	0.87	0.900	1.1025	1.0000	227.29
045	Dental	19.19	1.245	1.000	0.87	0.900	1.1025	1.0000	20.62
046	Mental Health	44.96	1.245	1.018	0.87	0.900	1.1025	1.0000	49.19
051	Physical Therapy	64.44	1.245	1.040	0.87	0.900	1.1025	1.0000	72.03
053	Speech Therapy	19.88	1.245	1.040	0.87	0.900	1.1025	1.0000	22.22
054	Occupational Therapy	58.95	1.245	1.040	0.87	0.900	1.1025	1.0000	65.89
055	Podiatry	3.45	1.245	1.000	0.87	0.900	1.1025	1.0000	3.71
056	Ambulatory Surgery	0.85	1.245	1.000	0.87	0.900	1.1025	1.0000	0.91
057	Chiropractic	0.13	1.245	1.000	0.87	0.900	1.1025	1.0000	0.14
058	Audiology	0.32	1.245	1.000	0.87	0.900	1.1025	1.0000	0.34
062	Chemical Dependency	5.22	1.245	1.040	0.87	0.900	1.1025	1.0000	5.84
063	CD Extended Care / Halfway House	0.28	1.245	1.000	0.87	0.900	1.1025	1.0000	0.30
072	Hospice	3.82	1.245	1.000	0.87	0.900	1.1025	1.0000	4.10
074	Inpatient Hospital 45 Day Psych Contract	29.48	1.245	1.000	0.87	0.900	1.1025	1.0000	31.68
075	Eyeglasses / Contact Lenses	2.65	1.245	1.000	0.87	0.900	1.1025	1.0000	2.85
076	Prosthetics and Orthotics	19.04	1.245	1.000	0.87	0.900	1.1025	1.0000	20.46
077	Hearing Aids	1.23	1.245	1.000	0.87	0.900	1.1025	1.0000	1.32
078	Vision Care	2.43	1.245	1.000	0.87	0.900	1.1025	1.0000	2.61
079	Radiology, Technical Component	72.99	1.245	1.000	0.87	0.900	1.1025	1.0000	78.45
080	Laboratory	43.30	1.245	1.000	0.87	0.900	1.1025	1.0000	46.53
082	Federal Qualified Health Contract Service	9.71	1.245	1.000	0.87	0.900	1.1025	1.0000	10.43
087	End-Stage Renal Dialysis	27.57	1.245	1.000	0.87	0.900	1.1025	1.0000	29.63
091	Nurse Practitioner Services	11.45	1.245	1.000	0.87	0.900	1.1025	1.0000	12.31
	Dialectical Behavioral Therapy	0.67	1.000	1.000	0.87	0.900	1.1025	1.0000	0.58
	Total Acute without Prescription Drugs	\$1,924.91							\$2,350.29
	Prescription Drugs	788.99	1.412	1.000	0.87	0.900	1.1025	1.0000	961.96 *
	Spenddown	3.29							2.84
	Grand Total Acute	\$2,717.18							\$3,315.09
	Mental Health Targeted Case Management	\$8.30	1.124	1.000	0.87	0.900	1.1025	1.0000	\$8.05
	2005 Eligible Months	5,487							

* Estimated 2009 PMPM includes an additional \$0.05 for Medicaid copay changes

Appendix 2a
MnDHO PD
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Services: Acute Services and Prescription Drugs
Institutional Status: Community
Medicare Eligibility: Single Eligibles

COS	Description	2005 FFS Cost PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Utilization Savings	Administrative Load	LTC Base Rate Adjustment	Estimated 2009 PMPM
001	Inpatient Hospital General	\$370.04	1.245	1.260	1.01	0.900	1.1025	1.0000	\$581.74
006	Rehabilitation	7.63	1.245	1.000	1.01	0.900	1.1025	1.0000	9.52
007	Outpatient Hospital Services	46.44	1.245	1.000	1.01	0.900	1.1025	1.0000	57.94
014	Inpatient Hospital IMD	0.86	1.245	1.000	1.01	0.900	1.1025	1.0000	1.08
015	Inpatient Long Term Hospital	14.34	1.245	1.220	1.01	0.900	1.1025	1.0000	21.82
020	Home Health Services	18.10	1.037	1.040	1.01	0.900	1.1025	1.0000	19.56
029	RTC - Mental Health	2.52	1.245	1.000	1.01	0.900	1.1025	1.0000	3.14
032	Medical Supply / DME	30.62	1.245	1.000	1.01	0.900	1.1025	1.0000	38.20
036	Transport, Special	4.97	1.245	1.000	1.01	0.900	1.1025	1.0000	6.20
037	Transport, Ambulance	16.00	1.245	1.000	1.01	0.900	1.1025	1.0000	19.97
040	Child and Teen Checkup	0.03	1.245	1.000	1.01	0.900	1.1025	1.0000	0.03
041	Anesthesia	4.85	1.245	1.000	1.01	0.900	1.1025	1.0000	6.05
043	Physician Services	113.91	1.245	1.000	1.01	0.900	1.1025	1.0000	142.13
045	Dental	11.70	1.245	1.000	1.01	0.900	1.1025	1.0000	14.60
046	Mental Health	68.83	1.245	1.018	1.01	0.900	1.1025	1.0000	87.43
051	Physical Therapy	3.35	1.245	1.040	1.01	0.900	1.1025	1.0000	4.34
053	Speech Therapy	0.27	1.245	1.040	1.01	0.900	1.1025	1.0000	0.35
054	Occupational Therapy	1.98	1.245	1.040	1.01	0.900	1.1025	1.0000	2.57
055	Podiatry	0.99	1.245	1.000	1.01	0.900	1.1025	1.0000	1.23
056	Ambulatory Surgery	1.24	1.245	1.000	1.01	0.900	1.1025	1.0000	1.54
057	Chiropractic	0.70	1.245	1.000	1.01	0.900	1.1025	1.0000	0.87
058	Audiology	0.16	1.245	1.000	1.01	0.900	1.1025	1.0000	0.20
062	Chemical Dependency	11.56	1.245	1.040	1.01	0.900	1.1025	1.0000	15.01
063	CD Extended Care / Halfway House	5.45	1.245	1.000	1.01	0.900	1.1025	1.0000	6.80
072	Hospice	8.03	1.245	1.000	1.01	0.900	1.1025	1.0000	10.02
074	Inpatient Hospital 45 Day Psych Contract	31.05	1.245	1.000	1.01	0.900	1.1025	1.0000	38.74
075	Eyeglasses / Contact Lenses	2.07	1.245	1.000	1.01	0.900	1.1025	1.0000	2.59
076	Prosthetics and Orthotics	3.90	1.245	1.000	1.01	0.900	1.1025	1.0000	4.87
077	Hearing Aids	0.41	1.245	1.000	1.01	0.900	1.1025	1.0000	0.51
078	Vision Care	1.10	1.245	1.000	1.01	0.900	1.1025	1.0000	1.38
079	Radiology, Technical Component	41.08	1.245	1.000	1.01	0.900	1.1025	1.0000	51.25
080	Laboratory	17.58	1.245	1.000	1.01	0.900	1.1025	1.0000	21.94
082	Federal Qualified Health Contract Service	19.26	1.245	1.000	1.01	0.900	1.1025	1.0000	24.03
083	Rural Health Clinic Services	0.08	1.245	1.000	1.01	0.900	1.1025	1.0000	0.09
087	End-Stage Renal Dialysis	8.94	1.245	1.000	1.01	0.900	1.1025	1.0000	11.15
088	Public Health Nursing	0.17	1.245	1.000	1.01	0.900	1.1025	1.0000	0.21
090	Nurse Midwife Services	0.13	1.245	1.000	1.01	0.900	1.1025	1.0000	0.17
091	Nurse Practitioner Services	1.75	1.245	1.000	1.01	0.900	1.1025	1.0000	2.18
	Dialectical Behavioral Therapy	0.67	1.000	1.000	1.01	0.900	1.1025	1.0000	0.67
	Total Acute without Prescription Drugs	\$872.09							\$1,211.45
	Prescription Drugs	252.12	1.412	1.000	1.01	0.900	1.1025	1.0000	357.02 *
	Spenddown	7.15							6.17
	Grand Total Acute	\$1,131.35							\$1,574.64
	Mental Health Targeted Case Management	\$8.30	1.124	1.000	1.01	0.900	1.1025	1.0000	\$9.35
	2005 Eligible Months	196,229							

* Estimated 2009 PMPM includes an additional \$0.05 for Medicaid copay changes

Appendix 2b

MnDHO-PD PMPM LTC Cost Models

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 2b
MnDHO PD
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Services: Long Term Care Services
Population: TBI-NF

COS	Description	2005 FFS Cost PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Utilization Savings	Administrative Load	LTC Base Rate Adjustment	Estimated 2009 PMPM
021	Consumer Directed Care	7.77	1.246	1.040	1.00	0.935	1.0575	1.0000	9.95
033	Modifications and Adaptations	3.80	1.246	1.040	1.00	0.935	1.0575	1.0000	4.87
034	Family Counseling & Training	8.02	1.246	1.040	1.00	0.935	1.0575	1.0000	10.28
035	Behavioral Program Services	166.27	1.246	1.040	1.00	0.935	1.0575	1.0000	213.04
038	Personal Care Services	635.89	1.063	1.040	1.00	0.935	1.0575	1.0000	695.09
044	Case Management - Other	182.24	1.246	1.040	1.00	0.935	1.0575	1.0000	233.50
089	Private Duty Nursing	14.19	1.239	1.040	1.00	0.935	1.0575	1.0000	18.08
093	Chore	0.02	1.246	1.040	1.00	0.935	1.0575	1.0000	0.02
094	Companion Services	1.36	1.246	1.040	1.00	0.935	1.0575	1.0000	1.75
095	Home Delivered Meals	10.19	1.246	1.040	1.00	0.935	1.0575	1.0000	13.06
096	Homemaker Services	19.25	1.246	1.040	1.00	0.935	1.0575	1.0000	24.66
102	Adult Day Care	143.52	1.246	1.040	1.00	0.935	1.0575	1.0000	183.89
103	Foster Care	1,477.87	1.246	1.040	1.00	0.935	1.0575	1.0000	1,893.56
104	Supported Employment Services	74.04	1.246	1.040	1.00	0.935	1.0575	1.0000	94.86
106	Structured Day Program Service	92.70	1.246	1.040	1.00	0.935	1.0575	1.0000	118.77
107	Respite Care	4.56	1.246	1.040	1.00	0.935	1.0575	1.0000	5.85
108	Assisted Living Services	259.15	1.246	1.040	1.00	0.935	1.0575	1.0000	332.04
109	Independent Living Skills	335.35	1.246	1.040	1.00	0.935	1.0575	1.0000	429.67
114	Extended Home Health Aide	19.67	1.246	1.040	1.00	0.935	1.0575	1.0000	25.21
116	Extended Medical Supplies / DME	16.32	1.246	1.040	1.00	0.935	1.0575	1.0000	20.92
119	Extended Personal Care	36.12	1.246	1.040	1.00	0.935	1.0575	1.0000	46.28
122	Extended Private Duty Nursing	0.19	1.246	1.040	1.00	0.935	1.0575	1.0000	0.24
126	Extended Transportation	53.14	1.246	1.040	1.00	0.935	1.0575	1.0000	68.08
	Total LTC	<u>\$3,561.63</u>							<u>\$4,443.67</u>
	2005 Eligible Months	5,756							

Appendix 2b
MnDHO PD
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Services: Long Term Care Services
Population: TBI-NB

COS	Description	2005 FFS Cost PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Utilization Savings	Administrative Load	LTC Base Rate Adjustment	Estimated 2009 PMPM
021	Consumer Directed Care	42.75	1.246	1.040	1.00	0.935	1.0575	1.1500	62.99
034	Family Counseling & Training	24.03	1.246	1.040	1.00	0.935	1.0575	1.1500	35.40
035	Behavioral Program Services	337.47	1.246	1.040	1.00	0.935	1.0575	1.1500	497.26
038	Personal Care Services	74.55	1.063	1.040	1.00	0.935	1.0575	1.1500	93.71
044	Case Management - Other	251.25	1.246	1.040	1.00	0.935	1.0575	1.1500	370.20
095	Home Delivered Meals	2.84	1.246	1.040	1.00	0.935	1.0575	1.1500	4.18
096	Homemaker Services	0.59	1.246	1.040	1.00	0.935	1.0575	1.1500	0.86
102	Adult Day Care	170.67	1.246	1.040	1.00	0.935	1.0575	1.1500	251.48
103	Foster Care	6,341.68	1.246	1.040	1.00	0.935	1.0575	1.1500	9,344.27
104	Supported Employment Services	43.08	1.246	1.040	1.00	0.935	1.0575	1.1500	63.48
106	Structured Day Program Service	325.84	1.246	1.040	1.00	0.935	1.0575	1.1500	480.12
107	Respite Care	170.91	1.246	1.040	1.00	0.935	1.0575	1.1500	251.83
109	Independent Living Skills	185.44	1.246	1.040	1.00	0.935	1.0575	1.1500	273.24
114	Extended Home Health Aide	82.73	1.246	1.040	1.00	0.935	1.0575	1.1500	121.90
116	Extended Medical Supplies / DME	21.99	1.246	1.040	1.00	0.935	1.0575	1.1500	32.40
119	Extended Personal Care	14.24	1.246	1.040	1.00	0.935	1.0575	1.1500	20.98
126	Extended Transportation	142.09	1.246	1.040	1.00	0.935	1.0575	1.1500	209.37
	Total LTC	\$8,232.14							\$12,113.67
	2005 Eligible Months	458							

Appendix 2b
MnDHO PD
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Services: Long Term Care Services
Population: CADI

COS	Description	2005 FFS Cost PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Utilization Savings	Administrative Load	LTC Base Rate Adjustment	Estimated 2009 PMPM
021	Consumer Directed Care	4.51	1.686	1.040	1.00	0.935	1.0575	1.3814	10.80
033	Modifications and Adaptations	21.18	1.686	1.040	1.00	0.935	1.0575	1.3814	50.71
034	Family Counseling & Training	4.52	1.686	1.040	1.00	0.935	1.0575	1.3814	10.84
038	Personal Care Services	487.64	1.063	1.040	1.00	0.935	1.0575	1.3814	736.36
044	Case Management - Other	157.14	1.686	1.040	1.00	0.935	1.0575	1.3814	376.35
089	Private Duty Nursing	2.15	1.239	1.040	1.00	0.935	1.0575	1.3814	3.79
095	Home Delivered Meals	29.09	1.686	1.040	1.00	0.935	1.0575	1.3814	69.66
096	Homemaker Services	66.13	1.686	1.040	1.00	0.935	1.0575	1.3814	158.38
102	Adult Day Care	58.21	1.686	1.040	1.00	0.935	1.0575	1.3814	139.42
103	Foster Care	635.49	1.686	1.040	1.00	0.935	1.0575	1.3814	1,522.01
104	Supported Employment Services	23.92	1.686	1.040	1.00	0.935	1.0575	1.3814	57.30
107	Respite Care	1.90	1.686	1.040	1.00	0.935	1.0575	1.3814	4.55
108	Assisted Living Services	213.76	1.686	1.040	1.00	0.935	1.0575	1.3814	511.96
109	Independent Living Skills	148.19	1.686	1.040	1.00	0.935	1.0575	1.3814	354.91
114	Extended Home Health Aide	7.87	1.686	1.040	1.00	0.935	1.0575	1.3814	18.84
116	Extended Medical Supplies / DME	34.63	1.686	1.040	1.00	0.935	1.0575	1.3814	82.95
119	Extended Personal Care	12.85	1.686	1.040	1.00	0.935	1.0575	1.3814	30.78
122	Extended Private Duty Nursing	0.05	1.686	1.040	1.00	0.935	1.0575	1.3814	0.13
126	Extended Transportation	20.20	1.686	1.040	1.00	0.935	1.0575	1.3814	48.39
	Total LTC	<u>\$1,929.44</u>							<u>\$4,188.13</u>
	2005 Eligible Months	37,891							

Appendix 2b
MnDHO PD
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Services: Long Term Care Services
Population: HC

COS	Description	2005 FFS Cost PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Utilization Savings	Administrative Load	LTC Base Rate Adjustment	Estimated 2009 PMPM
021	Consumer Directed Care	2.92	1.080	1.040	1.00	0.935	1.0575	1.3628	4.43
033	Modifications and Adaptations	2.77	1.080	1.040	1.00	0.935	1.0575	1.3628	4.19
034	Family Counseling & Training	0.15	1.080	1.040	1.00	0.935	1.0575	1.3628	0.23
038	Personal Care Services	1,622.96	1.063	1.040	1.00	0.935	1.0575	1.3628	2,417.64
044	Case Management - Other	14.57	1.080	1.040	1.00	0.935	1.0575	1.3628	22.05
089	Private Duty Nursing	264.74	1.239	1.040	1.00	0.935	1.0575	1.3628	459.66
096	Homemaker Services	0.57	1.080	1.040	1.00	0.935	1.0575	1.3628	0.87
103	Foster Care	20.19	1.080	1.040	1.00	0.935	1.0575	1.3628	30.56
107	Respite Care	1.14	1.080	1.040	1.00	0.935	1.0575	1.3628	1.72
109	Independent Living Skills	2.70	1.080	1.040	1.00	0.935	1.0575	1.3628	4.08
114	Extended Home Health Aide	6.35	1.080	1.040	1.00	0.935	1.0575	1.3628	9.61
116	Extended Medical Supplies / DME	0.76	1.080	1.040	1.00	0.935	1.0575	1.3628	1.15
119	Extended Personal Care	0.84	1.080	1.040	1.00	0.935	1.0575	1.3628	1.28
122	Extended Private Duty Nursing	2.47	1.080	1.040	1.00	0.935	1.0575	1.3628	3.74
124	Extended Respiratory Therapy	6.59	1.080	1.040	1.00	0.935	1.0575	1.3628	9.97
126	Extended Transportation	0.26	1.080	1.040	1.00	0.935	1.0575	1.3628	0.40
	Total LTC	<u>\$1,949.98</u>							<u>\$2,971.58</u>
	2005 Eligible Months	43,174							

Appendix 3

MnDHO-PD 2009 NF Add-On Rate Development

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Appendix 3
MnDHO-PD
180 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2009
Total Population

	CY 2007	CY 2008	CY 2009
NF Add-On	\$110.83	\$93.73	\$95.12
Per Diem	\$157.55	\$168.28	\$172.09
Monthly Freq	0.618%	0.558%	0.558%

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		
					CY 2007	CY 2008	CY 2009	CY 2007	CY 2008	CY 2009
2007	January	711	76,482	4,2630	122.6	0.0		79,574	\$0	
	February	732	78,675	4,3852	122.6	0.0		81,856	0	
	March	753	80,869	4,5075	122.6	0.0		84,137	0	
	April	774	83,062	4,6297	122.6	0.0		86,419	0	
	May	795	85,255	4,7519	122.6	0.0		88,701	0	
	June	816	87,448	4,8742	122.6	0.0		90,983	0	
	July	837	89,641	4,9964	115.0	7.6		87,471	6,625	
	August	804	91,835	5,1187	98.7	23.8		76,967	19,920	
	September	824	94,028	5,2409	81.1	41.5		64,723	35,529	
	October	833	96,221	5,3632	61.8	60.7		50,498	52,600	
	November	847	98,414	5,4854	39.9	82.7		33,345	72,777	
	December	861	100,607	5,6076	14.5	108.1		12,381	96,731	
Sub Total		9,587	\$1,062,537		94.1	28.5		\$837,056	\$284,182	
2008	January	879	82,389	4,9078		102.2	0.0		\$84,405	\$0
	February	887	83,139	4,9524		102.2	0.0		85,173	0
	March	907	85,013	5,0641		102.2	0.0		87,093	0
	April	927	86,888	5,1758		102.2	0.0		89,014	0
	May	938	87,919	5,2372		102.2	0.0		90,070	0
	June	954	89,418	5,3265		102.2	0.0		91,606	0
	July	977	91,574	5,4549		95.9	6.3		87,987	5,960
	August	984	92,230	5,4940		82.3	19.9		76,114	18,789
	September	1,002	93,917	5,5945		67.6	34.6		63,656	33,296
	October	1,021	95,698	5,7006		51.6	50.6		49,454	49,686
	November	1,039	97,385	5,8011		33.3	68.9		32,491	68,801
	December	1,059	99,260	5,9128		12.1	90.1		12,028	91,691
Sub Total		11,574	\$1,084,831			78.1	24.1		\$849,091	\$268,222
2009	January	1,079	102,634	6,0244			102.2			\$105,955
	February	1,099	104,537	6,1361			102.2			107,919
	March	1,120	106,534	6,2533			102.2			109,981
	April	1,142	108,627	6,3762			102.2			112,141
	May	1,164	110,720	6,4990			102.2			114,302
	June	1,186	112,812	6,6218			102.2			116,462
	July	1,209	115,000	6,7503			95.9			111,346
	August	1,233	117,283	6,8843			82.3			97,534
	September	1,258	119,661	7,0238			67.6			81,729
	October	1,283	122,039	7,1634			51.6			63,552
	November	1,308	124,417	7,3030			33.3			41,829
	December	1,335	126,985	7,4538			12.1			15,506
Sub Total		14,416	\$1,371,250				77.8			\$1,078,257

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Appendix 3
MnDHO-PD
180 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2009
Total Population

Rate Component	2008	2009
Section A		
Monthly Claim Frequency (Rounded)	0.558%	0.558%
(x) Truncated Medicaid Length of Stay	77.4	77.8
(x) Charge per Day	<u>\$168.28</u>	<u>\$172.09</u>
= Initial Rate (1)	\$72.75	\$74.80
Section B		
2009 NF \$ for 2008 Admits		\$268,222
(/) 2009 Eligible Months		<u>14,416</u>
= Tail Rate (2)	\$22.60	\$18.61
Section C		
2008 NF Rates to Health Plans		(\$1,084,831)
(+) 2007 Enrollment Adjustment in 2008		\$0
(+) 2008 NF \$ for 2007 Admits		\$284,182
(+) 2008 NF \$ for 2008 Admits		<u>\$849,091</u>
= 2008 Enrollment Adjustment		\$48,442
(/) 2009 Eligible Months		<u>14,416</u>
= Enrollment Adjustment Rate (3)	\$0.00	\$3.36
Section D		
Initial Base Rate = (1)+(2)+(3)	\$95.35	\$96.77
Disenrollment Fee Adjustment	<u>0.983</u>	<u>0.983</u>
Final Base Rate	\$93.73	\$95.12

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Appendix 4

MnDHO-PD Rate Cell Assignment Process

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Appendix 4
MnDHO-PD Rating Scheme
Contract Period January 1, 2009 - December 31, 2009

	Nursing Facility Resident	Nursing Home Certifiable Community - Conversions			Nursing Home Certifiable Community - Diversions				Other Community
Medicare Risk Adjusted Payment (100% Weight)	Payment Based on Individuals' Risk Scores								
Medicaid Acute / Prescription Drugs	Payment Based on Individuals' Risk Scores								
Medicaid Bundled LTC	N/A	Payment Based on Individuals' Risk Scores	TBI NB = I	Payment Based on Individuals' Risk Scores	Payment Based on Individuals' Risk Scores	TBI NB	Payment Based on Individuals' Risk Scores	Payment Based on Individuals' Risk Scores	N/A
Medicaid NF Institutional Costs, Days 1 - 180	N/A	N/A	N/A	N/A	NF Add-On Capitation Rate				
Mental Health Targeted Case Management	MH-TCM Add-On Capitation Rate								
DHS Rate Cell Category	U	S	R	K	J	I	E	B	A

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