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Eric P. Goetsch, FSA
Associate Actuary

December 15, 2008

**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, 2009 through December 31, 2009 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, 2009 through December 31, 2009 for SNBC. The payment rates, methodology, data, and assumptions used to update the rates are documented in our report to DHS of November 23, 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, 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 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 Special Needs BasicCare Capitation Rates


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 data for the Zostavax vaccine, mental health targeted case management services, and dialectical behavioral therapy services.
3. Population counts, as categorized by SNBC. 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. Fourth quarter 2008 SNBC 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 medical education research cost (MERC), differential hospital utilization (DHU), legislated premium tax, and withhold arrangements.
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

**Special Needs BasicCare
Non-PINs Base Rate Development For Calendar Year 2009**

Presented by:

MILLIMAN

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

Roman G. Kelly
Actuarial Assistant

November 23, 2008



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**Special Needs BasicCare
Non-PINs Base Rate Development For Calendar Year 2009**

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I. INTRODUCTION

This report documents the calendar year (CY) 2009 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 2009 payments to health plans will be a product of the base rates included in this report and the risk factors developed by Greg Gifford of the Minnesota Department of Health. Comparisons were done to demonstrate the consistency of the data being used to develop the base rates and the data being used to develop the risk factors.

Caveats and Limitations

This report is intended for use by the Minnesota Department of Human Services (DHS) and participating health plan(s) as they negotiate a contract to provide most basic State plan services to people with disabilities in CY 2009 (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 2009 experience will vary from these estimates.

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

This report was prepared specifically for DHS and the development of CY 2009 base rates for SNBC and may not be appropriate for other purposes. This report should only be viewed in its entirety. Milliman does not intend to benefit any third party and assumes no duty or liability to other parties who receive this work.

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

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II. RATING METHODOLOGY

Base rates for the SNBC program are based on projections of historical fee-for-service Medicaid data for eligibles with disabilities. The aggregate base rates are trended to the center of the CY 2009 rating period. The base rates are 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 are consistent with historical and projected trends of budgeted costs from the Reports and Forecast Division of DHS.

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

Description of SNBC Rate Categories

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

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

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

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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 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.

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.

Table 1 Special Needs BasicCare 2009 Rate Development Aggregate 2005 Fee-for-Service Cost Experience PMPM for Eligibles with Disabilities					
Population			Eligible Months	PMPM Cost Excluding Rx	Rx PMPM
Duals	Institutional	Metro	19,918	\$285.98	\$622.75
		Non-Metro	13,036	230.82	484.85
	Community	Metro	233,845	295.67	411.06
		Non-Metro	243,034	269.73	396.40
Non-Duals	Institutional	Metro	8,584	1,464.46	706.17
		Non-Metro	4,546	1,298.23	586.16
	Community	Metro	235,448	822.09	271.65
		Non-Metro	178,307	777.51	347.68

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Annual Trends, Cost of Living Adjustments, and Rebasing Adjustments

The fee-for-service costs have been trended to the center of CY 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 the 2005 fee-for-service data to develop the 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 ($1.8\% = 4.0\% \times 46.0\%$).
- ◆ 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 and COS 015 were increased 26.0% and 22.0%, respectively, to account for the effect of inpatient hospital rebasing effective January 2007.

Spenddown

Enrollees with medical spenddowns are required to prepay their monthly spenddown amount to 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.

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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.

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.

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Table 2 Special Needs BasicCare 2009 Rate Development Spendeddown Amounts Added to the Base Rates			
Population			Spendeddown 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

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 2009 Rate Development Savings Assumptions	
	Assumed
Utilization Reduction	6.5%
Administrative Expense	6.4%
Margin	0.5%
Net Savings	0.0%
<i>Net Savings Calculation: $(1.00 - 0.065) \times (1.00 + 0.065) \times (1.00 + 0.005) = 0.000$</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 has been redesigned with the goal of focusing resources on the individual needs of the client. The previous 'levels of care' (e.g. outpatient, halfway house, extended care, etc) are eliminated and a new assessment tool and protocol will be in place by January 1, 2008. MCOs will be responsible for all levels of treatment determined necessary during the assessment/reassessment process. Costs for chemical dependency services COS 062 and 063 have been included in the rates. Chemical dependency housing costs will be the health plans' responsibility; however, plans will be reimbursed outside of the SNBC capitation for these costs for COS 063.

Medicare Adjustment for Prescription Drugs

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

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Adjustment for Zostavax Vaccine

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

DHS estimated 11.0% of the SNBC single eligible population will 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 is included in the 2009 prescription base rates in Appendix 1.

Adjustments Made to Risk Scores for Targeted Mental Health Enhancement

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

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

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

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Adjustments for Mental Health Targeted Case Management

Beginning July 1, 2009, SNBC will cover mental health targeted case management (MH-TCM) services that are currently covered via fee-for-service. Table 4 contains the percentage of SNBC 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 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 will be included in the rates as an add-on and will only be included in the rates for July 2009 through December 2009.

Table 4 Special Needs BasicCare 2009 Rate Development 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

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 2 and therefore will be risk adjusted.

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Costs by Service Category

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

Capitation Rate Components

Appendix 1A contains the components required to develop the CY 2009 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 2009 capitation rates for Non-County Based Purchasing (non-CBP) and CBP plans, respectively. Please note these appendices contain separate rates for January 2009 through June 2009 (excluding the MH-TCM add-on) and for July 2009 through December 2009 (including the MH-TCM add-on). The Plan Risk Factors in Appendices 1B and 1C are average fourth quarter 2008 risk scores and are for illustrative purposes only. They are not intended to reflect the risk scores of any particular plan for 2009.

Medical Education Research Cost Adjustment

DHS will make payments to the Medical Education Research Cost (MERC) Trust Fund on behalf of the MCO. As a result, the 2009 SNBC final base rates have been adjusted for aggregate MERC reductions based on estimates of potential SNBC eligibility by county and the following percentages:

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

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Differential Hospital Utilization Adjustment

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

The 2009 SNBC final base rates for single eligibles have been adjusted for aggregate DHU reductions based on estimates of potential SNBC eligibility by county and the percentages below. The DHU amounts added back into the rates are county specific based on the percentages below.

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

Legislated Premium Tax

The 2009 final capitation rates include the legislated premium tax of 1%. Final base rates for the CBP plans do not include the premium tax adjustment.

Withhold

An 8% withhold adjustment required by legislation was 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.

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

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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 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.

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III. SNBC NURSING FACILITY ADD-ON RATE

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

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

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

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

- ◆ Section A contains the calculation of the initial rate. The initial rate is equal to the expected nursing facility costs for days in CY 2009 resulting from admissions occurring in CY 2009, divided by projected community eligible months in CY 2009. The initial rates PMPM for CY 2009 are \$13.31 and \$11.26 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 2009 resulting from admissions occurring in CY 2008, divided by projected community eligible months in CY 2009. The tail rates PMPM for CY 2009 are \$1.66 and \$1.69 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 2009 of (\$0.56) and \$1.18 for the single eligible and dual eligible community populations, respectively. The enrollment adjustments account for plans being overpaid or underpaid in CY 2008 due to the CY 2008 rates being based on projected CY 2008 enrollment.

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- ◆ Section D contains the initial base rates for CY 2009 of \$14.41 and \$14.13 for the single eligible and dual eligible community populations, respectively. In addition, the initial base rate has been decreased by 1.7% so that disenrollment fees do not need to be charged. Without this adjustment, a disenrollment fee would need to be paid to the state by the managed care organization (MCO) when an institutionalized SNBC enrollee disenrolls during the 100-day benefit period. The resulting final base rates for CY 2009 are \$14.17 and \$13.89 for the single eligible and dual eligible community populations, respectively.

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

Frequency

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

Average Length-of-Stay

The ALOS is 72 days and 73 days for the single eligible and dual eligible community populations, respectively. These amounts include only the first 100 days per stay for all admissions combined. Skilled nursing facility days reimbursed by Medicare will be included in the 100-day pre-funded liability, with lower payments due to Medicare's portion. This is reflected by lowering the ALOS 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.

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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).

Legislated Premium Tax

The 2009 SNBC NF add-on rates include the legislated premium tax of 1%, which is added to the rates in Appendix 1A. Final 2009 SNBC NF add-on rates for the CBP plans do not include the premium tax adjustment.

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 2009 Base Rate Tables

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Appendix 1A
Special Needs BasicCare
Development of 2009 Rate Components Per Member Per Month (PMPM)

			A	B	C	D	E	F	G	H	I	J	K
Population			Estimated Eligibility for 2009 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	0	\$321.97	\$20.70	\$0.86	\$343.53	\$21.64	\$6.19	N/A	N/A	\$3.25	\$3.41
		Metro 2	1	321.97	20.70	0.86	343.53	6.87	6.19	N/A	N/A	3.40	3.41
		Metro 3	1	321.97	20.70	0.86	343.53	5.50	6.19	N/A	N/A	3.41	3.41
		Non-Metro	110	\$257.83	\$16.13	\$0.46	\$274.42	\$4.39	\$4.39	N/A	N/A	\$2.73	\$2.73
	Community	Metro 1	154	\$381.52	\$15.87	\$6.91	\$404.30	\$25.47	\$15.13	N/A	N/A	\$3.83	\$3.93
		Metro 2	193	381.52	15.87	6.91	404.30	8.09	15.13	N/A	N/A	4.00	3.93
		Metro 3	27	381.52	15.87	6.91	404.30	6.47	15.13	N/A	N/A	4.02	3.93
Non-Metro	1,206	\$345.51	\$15.31	\$3.40	\$364.22	\$5.83	\$5.83	N/A	N/A	\$3.62	\$3.62		
Non-Duals	Institutional	Metro 1	1	\$1,789.10	\$867.80	\$1.13	\$2,658.03	\$167.46	\$87.72	\$85.06	\$57.59	\$24.30	\$25.38
		Metro 2	1	1,789.10	867.80	1.13	2,658.03	53.16	87.72	69.11	57.59	25.61	25.38
		Metro 3	1	1,789.10	867.80	1.13	2,658.03	42.53	87.72	18.61	57.59	26.23	25.38
		Non-Metro	6	\$1,570.79	\$720.42	\$0.96	\$2,292.17	\$36.67	\$36.67	\$16.05	\$16.05	\$22.62	\$22.62
	Community	Metro 1	156	\$1,147.65	\$387.86	\$2.12	\$1,537.63	\$96.87	\$59.92	\$49.20	\$42.67	\$14.06	\$14.50
		Metro 2	177	1,147.65	387.86	2.12	1,537.63	30.75	59.92	39.98	42.67	14.82	14.50
		Metro 3	17	1,147.65	387.86	2.12	1,537.63	24.60	59.92	10.76	42.67	15.17	14.50
Non-Metro	482	\$1,065.58	\$496.26	\$1.68	\$1,563.52	\$25.02	\$25.02	\$10.94	\$10.94	\$15.43	\$15.43		

			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 NF Add-On for CBP	MHTCM Add-On for Non-CBP (includes Premium Tax)	From App. 3 MHTCM Add-On for CBP
			Duals	Institutional	Metro 1	\$340.75	N/A	\$21.64	N/A	N/A	N/A
Metro 2	340.75	N/A			6.87	N/A	N/A	N/A	N/A	55.49	54.94
Metro 3	340.75	N/A			5.50	N/A	N/A	N/A	N/A	55.49	54.94
Non-Metro	\$272.76	\$270.03			\$4.39	N/A	N/A	N/A	N/A	\$55.49	\$54.94
Community	Metro 1	\$393.10		N/A	\$25.47	N/A	N/A	\$13.89	N/A	\$64.42	\$63.78
	Metro 2	393.10		N/A	8.09	N/A	N/A	13.89	N/A	64.42	63.78
	Metro 3	393.10		N/A	6.47	N/A	N/A	13.89	N/A	64.42	63.78
Non-Metro	\$362.01	\$358.39	\$5.83	N/A	N/A	\$13.89	\$13.75	\$64.42	\$63.78		
Non-Duals	Institutional	Metro 1	\$2,538.10	N/A	\$167.46	\$85.92	N/A	N/A	N/A	\$50.40	\$49.90
		Metro 2	2,538.10	N/A	53.16	69.81	N/A	N/A	N/A	50.40	49.90
		Metro 3	2,538.10	N/A	42.53	18.79	N/A	N/A	N/A	50.40	49.90
		Non-Metro	\$2,262.07	\$2,239.45	\$36.67	\$16.21	\$16.05	N/A	N/A	\$50.40	\$49.90
	Community	Metro 1	\$1,449.54	N/A	\$96.87	\$49.70	N/A	\$14.15	N/A	\$58.52	\$57.93
		Metro 2	1,449.54	N/A	30.75	40.38	N/A	14.15	N/A	58.52	57.93
		Metro 3	1,449.54	N/A	24.60	10.87	N/A	14.15	N/A	58.52	57.93
Non-Metro	\$1,542.99	\$1,527.56	\$25.02	\$11.06	\$10.94	\$14.15	\$14.01	\$58.52	\$57.93		

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
2009 Capitation Payment Rates
Non-CBP Plans

												January 2009 - June 2009		July 2009 - December 2009				
			MERC	DHU	CY 2009	1/09-3/09 Plan Risk Factor ³	1/09-3/09 Plan RA Rate ^{1,2,3}	1/09-3/09 Plan RA Rate + DHU - Withhold ^{1,3}	1/09-3/09 Plan RA Rate + DHU + MERC - Withhold ^{1,3}	NF	MH-TCM	Total Plan	Plan	Total Plan	Plan			
			Carve Out	Add-on ¹	Adjustment											Base Rate	Reimbursement	Reimbursement
			1	2	3											4	5	6
Rate Regions			App. 1A (N)	App. 1A (O)	App. 1A (L)		(3 x 4)	(2 + 5) x 0.92	(6 + 1)	App. 1A (Q)	App. 1A (S) x 0.92	(7 + 8)	(6 + 8)	(7 + 8 + 9)	(6 + 8 + 9)			
Hennepin	Institutionalized	Dual	\$21.64	N/A	\$340.75	1.1067	\$377.09	\$346.93	\$368.57	N/A	\$51.05	\$368.57	\$346.93	\$419.62	\$397.98			
		Non- Dual	167.46	\$85.92	2,538.10	1.3593	3,450.03	3,253.08	3,420.54	N/A	46.37	3,420.54	3,253.08	3,466.90	3,299.44			
	Non-Institutionalized	Dual	25.47	N/A	393.10	1.1067	435.04	400.23	425.70	\$13.89	\$59.27	439.59	414.12	498.86	473.39			
		Non- Dual	96.87	49.70	1,449.54	1.3593	1,970.36	1,858.45	1,955.32	14.15	53.84	1,969.47	1,872.60	2,023.31	1,926.44			
Metro	Institutionalized	Dual	\$6.87	N/A	\$340.75	1.1067	\$377.09	\$346.93	\$353.80	N/A	\$51.05	\$353.80	\$346.93	\$404.85	\$397.98			
		Non- Dual	53.16	\$69.81	2,538.10	1.3593	3,450.03	3,238.25	3,291.41	N/A	46.37	3,291.41	3,238.25	3,337.78	3,284.62			
	Non-Institutionalized	Dual	8.09	N/A	393.10	1.1067	435.04	400.23	408.32	\$13.89	\$59.27	422.21	414.12	481.48	473.39			
		Non- Dual	30.75	40.38	1,449.54	1.3593	1,970.36	1,849.88	1,880.63	14.15	53.84	1,894.78	1,864.03	1,948.62	1,917.87			
NW Metro	Institutionalized	Dual	\$5.50	N/A	\$340.75	1.1067	\$377.09	\$346.93	\$352.43	N/A	\$51.05	\$352.43	\$346.93	\$403.48	\$397.98			
		Non- Dual	42.53	\$18.79	2,538.10	1.3593	3,450.03	3,191.32	3,233.85	N/A	46.37	3,233.85	3,191.32	3,280.21	3,237.68			
	Non-Institutionalized	Dual	6.47	N/A	393.10	1.1067	435.04	400.23	406.70	\$13.89	\$59.27	420.59	414.12	479.86	473.39			
		Non- Dual	24.60	10.87	1,449.54	1.3593	1,970.36	1,822.73	1,847.33	14.15	53.84	1,861.48	1,836.88	1,915.32	1,890.72			
Non-Metro	Institutionalized	Dual	\$4.39	N/A	\$272.76	1.1067	\$301.86	\$277.71	\$282.10	N/A	\$51.05	\$282.10	\$277.71	\$333.15	\$328.76			
		Non- Dual	36.67	\$16.21	2,262.07	1.3593	3,074.83	2,843.76	2,880.43	N/A	46.37	2,880.43	2,843.76	2,926.79	2,890.12			
	Non-Institutionalized	Dual	5.83	N/A	362.01	1.1067	400.63	368.58	374.41	\$13.89	\$59.27	388.30	382.47	447.56	441.73			
		Non- Dual	25.02	11.06	1,542.99	1.3593	2,097.38	1,939.77	1,964.79	14.15	53.84	1,978.94	1,953.92	2,032.78	2,007.76			

¹ Includes 1% premium tax.

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

³ The plan risk factor and risk adjusted rates will change each quarter

Rate Regions:

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

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Appendix 1C
Special Needs BasicCare
2009 Capitation Payment Rates
CBP Plans

											January 2009 - June 2009		July 2009 - December 2009		
			MERC Carve Out	DHU Add-on	CY 2009 Risk Adjustment Base Rate ¹	1/09-3/09 Plan Risk Factor ²	1/09-3/09 Plan RA Rate ^{1,2}	1/09-3/09 Plan RA Rate + DHU - Withhold ²	1/09-3/09 Plan RA Rate + DHU + MERC - Withhold ²	NF Add-on	MH-TCM Add-on - Withhold	Total Plan Rate (Includes MERC) ²	Plan Reimbursement Amount (Excludes MERC) ²	Total Plan Rate (Includes MERC) ²	Plan Reimbursement Amount (Excludes MERC) ²
			1	2	3	4	5	6	7	8	9	10	11	12	13
Rate Regions			App. 1A (N)	App. 1A (P)	App. 1A (M)		(3 x 4)	(2 + 5) x 0.92	(6 + 1)	App. 1A (R)	App. 1A (T) x 0.92	(7 + 8)	(6 + 8)	(7 + 8 + 9)	(6 + 8 + 9)
Non-Metro	Institutionalized	Dual	\$4.39	N/A	\$270.03	1.1067	\$298.84	\$274.93	\$279.32	N/A	\$50.54	\$279.32	\$274.93	\$329.86	\$325.47
		Non- Dual	36.67	\$16.05	2,239.45	1.3593	3,044.08	2,815.32	2,851.99	N/A	45.91	2,851.99	2,815.32	2,897.90	2,861.23
	Non-Institutionalized	Dual	5.83	N/A	358.39	1.1067	396.62	364.89	370.72	\$13.75	58.68	384.47	378.64	443.15	437.32
		Non- Dual	25.02	10.94	1,527.56	1.3593	2,076.41	1,920.36	1,945.38	14.01	53.30	1,959.39	1,934.37	2,012.69	1,987.67

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

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

Rate Regions:

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Appendix 2

SNBC PMPM Cost Models

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Population: Dual Eligibles, Metro Counties, Institutional

COS	Description	DHS 2005 Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Projected 2009 PMPM
001	Inpatient Hospital General	\$35.88	1.245	1.260	0.87	\$0.00	\$48.95
006	Rehabilitation	0.15	1.245	1.000	0.87	0.00	0.17
007	Outpatient Hospital Services	14.66	1.245	1.000	0.87	0.00	15.88
015	Inpatient Long Term Hospital	0.65	1.245	1.220	0.87	0.00	0.86
020	Home Health Services	0.09	1.037	1.040	0.87	0.00	0.09
032	Medical Supply / DME	33.98	1.245	1.000	0.87	0.00	36.80
036	Transport, Special	46.48	1.245	1.000	0.87	0.00	50.33
037	Transport, Ambulance	7.46	1.245	1.000	0.87	0.00	8.08
041	Anesthesia	1.52	1.245	1.000	0.87	0.00	1.65
043	Physician Services	41.42	1.245	1.000	0.87	0.00	44.85
045	Dental	19.13	1.245	1.000	0.87	0.00	20.72
046	Mental Health	29.47	1.245	1.018	0.87	0.00	32.50
051	Physical Therapy	6.87	1.245	1.040	0.87	0.00	7.74
053	Speech Therapy	2.71	1.245	1.040	0.87	0.00	3.06
054	Occupational Therapy	9.68	1.245	1.040	0.87	0.00	10.91
055	Podiatry	0.70	1.245	1.000	0.87	0.00	0.76
057	Chiropractic	0.04	1.245	1.000	0.87	0.00	0.05
058	Audiology	0.51	1.245	1.000	0.87	0.00	0.55
062	Chemical Dependency	0.59	1.245	1.040	0.87	0.00	0.67
063	CD Extended Care / Halfway House	0.00	1.245	1.000	0.87	0.00	0.00
072	Hospice	1.33	1.245	1.000	0.87	0.00	1.44
074	Inpatient Hospital 45 Day Psych Contract	0.69	1.245	1.000	0.87	0.00	0.75
075	Eyeglasses / Contact Lenses	2.08	1.245	1.000	0.87	0.00	2.25
076	Prosthetics and Orthotics	2.86	1.245	1.000	0.87	0.00	3.10
077	Hearing Aids	0.78	1.245	1.000	0.87	0.00	0.85
078	Vision Care	2.26	1.245	1.000	0.87	0.00	2.44
079	Radiology, Technical Component	10.96	1.245	1.000	0.87	0.00	11.86
080	Laboratory	1.12	1.245	1.000	0.87	0.00	1.22
082	Federal Qualified Health Contract Service	2.84	1.245	1.000	0.87	0.00	3.07
087	End-Stage Renal Dialysis	7.72	1.245	1.000	0.87	0.00	8.36
091	Nurse Practitioner Services	1.06	1.245	1.000	0.87	0.00	1.15
999	Unable to Define	0.25	1.245	1.000	0.87	0.00	0.28
	Dialectical Behavioral Therapy	0.67	1.000	1.000	0.87	0.00	0.58
	Total Acute Base Rate	\$286.65					\$321.97
	Prescription Drugs	\$622.75	1.412	0.027	0.87	\$0.05	\$20.70
	Spenddown	1.98	1.000	0.500	1.00	(0.13)	0.86
	Grand Total	\$911.38					\$343.53
	Mental Health Targeted Case Management	\$56.21	1.124	1.000	0.87	\$0.00	\$54.94
	2005 Eligible Months	19,918					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Population: Dual Eligibles, Non-Metro Counties, Institutional

COS	Description	DHS 2005 Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Projected 2009 PMPM
001	Inpatient Hospital General	\$22.95	1.245	1.260	0.87	\$0.00	\$31.31
006	Rehabilitation	0.15	1.245	1.000	0.87	0.00	0.17
007	Outpatient Hospital Services	15.60	1.245	1.000	0.87	0.00	16.90
014	Inpatient Hospital IMD	0.10	1.245	1.000	0.87	0.00	0.11
015	Inpatient Long Term Hospital	1.00	1.245	1.220	0.87	0.00	1.32
020	Home Health Services	0.06	1.037	1.040	0.87	0.00	0.06
032	Medical Supply / DME	37.43	1.245	1.000	0.87	0.00	40.53
036	Transport, Special	46.92	1.245	1.000	0.87	0.00	50.81
037	Transport, Ambulance	6.27	1.245	1.000	0.87	0.00	6.79
041	Anesthesia	1.17	1.245	1.000	0.87	0.00	1.26
043	Physician Services	36.30	1.245	1.000	0.87	0.00	39.31
045	Dental	18.03	1.245	1.000	0.87	0.00	19.52
046	Mental Health	10.33	1.245	1.018	0.87	0.00	11.39
051	Physical Therapy	4.14	1.245	1.040	0.87	0.00	4.66
053	Speech Therapy	1.04	1.245	1.040	0.87	0.00	1.17
054	Occupational Therapy	3.54	1.245	1.040	0.87	0.00	3.99
055	Podiatry	0.44	1.245	1.000	0.87	0.00	0.47
056	Ambulatory Surgery	0.18	1.245	1.000	0.87	0.00	0.20
057	Chiropractic	0.13	1.245	1.000	0.87	0.00	0.14
058	Audiology	0.30	1.245	1.000	0.87	0.00	0.32
062	Chemical Dependency	0.76	1.245	1.040	0.87	0.00	0.86
063	CD Extended Care / Halfway House	0.00	1.245	1.000	0.87	0.00	0.00
072	Hospice	2.72	1.245	1.000	0.87	0.00	2.94
074	Inpatient Hospital 45 Day Psych Contract	0.07	1.245	1.000	0.87	0.00	0.08
075	Eyeglasses / Contact Lenses	1.57	1.245	1.000	0.87	0.00	1.70
076	Prosthetics and Orthotics	2.81	1.245	1.000	0.87	0.00	3.05
077	Hearing Aids	0.50	1.245	1.000	0.87	0.00	0.55
078	Vision Care	1.59	1.245	1.000	0.87	0.00	1.73
079	Radiology, Technical Component	8.69	1.245	1.000	0.87	0.00	9.41
080	Laboratory	1.18	1.245	1.000	0.87	0.00	1.28
082	Federal Qualified Health Contract Service	0.09	1.245	1.000	0.87	0.00	0.10
083	Rural Health Clinic Services	1.31	1.245	1.000	0.87	0.00	1.41
087	End-Stage Renal Dialysis	2.91	1.245	1.000	0.87	0.00	3.15
088	Public Health Nursing	0.02	1.245	1.000	0.87	0.00	0.02
091	Nurse Practitioner Services	0.39	1.245	1.000	0.87	0.00	0.42
999	Unable to Define	0.11	1.245	1.000	0.87	0.00	0.12
	Dialectical Behavioral Therapy	0.67	1.000	1.000	0.87	0.00	0.58
	Total Acute Base Rate	\$231.49					\$257.83
	Prescription Drugs	\$484.85	1.412	0.027	0.87	\$0.05	\$16.13
	Spenddown	1.06	1.000	0.500	1.00	(0.07)	0.46
	Grand Total	\$717.40					\$274.42
	Mental Health Targeted Case Management	\$56.21	1.124	1.000	0.87	\$0.00	\$54.94
	2005 Eligible Months	13,036					

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
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Population: Dual Eligibles, Metro Counties, Community

COS	Description	DHS 2005 Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Projected 2009 PMPM
001	Inpatient Hospital General	\$28.81	1.245	1.260	1.01	\$0.00	\$45.64
006	Rehabilitation	0.20	1.245	1.000	1.01	0.00	0.25
007	Outpatient Hospital Services	15.45	1.245	1.000	1.01	0.00	19.43
014	Inpatient Hospital IMD	0.11	1.245	1.000	1.01	0.00	0.14
015	Inpatient Long Term Hospital	4.82	1.245	1.220	1.01	0.00	7.40
020	Home Health Services	24.40	1.037	1.040	1.01	0.00	26.58
029	RTC - Mental Health	0.57	1.245	1.000	1.01	0.00	0.72
032	Medical Supply / DME	21.46	1.245	1.000	1.01	0.00	26.98
036	Transport, Special	12.02	1.245	1.000	1.01	0.00	15.12
037	Transport, Ambulance	3.43	1.245	1.000	1.01	0.00	4.31
041	Anesthesia	0.99	1.245	1.000	1.01	0.00	1.25
043	Physician Services	38.04	1.245	1.000	1.01	0.00	47.82
045	Dental	13.77	1.245	1.000	1.01	0.00	17.31
046	Mental Health	86.10	1.245	1.018	1.01	0.00	110.23
051	Physical Therapy	1.54	1.245	1.040	1.01	0.00	2.01
053	Speech Therapy	0.48	1.245	1.040	1.01	0.00	0.62
054	Occupational Therapy	2.10	1.245	1.040	1.01	0.00	2.75
055	Podiatry	0.34	1.245	1.000	1.01	0.00	0.43
056	Ambulatory Surgery	0.04	1.245	1.000	1.01	0.00	0.04
057	Chiropractic	0.54	1.245	1.000	1.01	0.00	0.68
058	Audiology	0.15	1.245	1.000	1.01	0.00	0.19
062	Chemical Dependency	5.55	1.245	1.040	1.01	0.00	7.26
063	CD Extended Care / Halfway House	1.10	1.245	1.000	1.01	0.00	1.38
072	Hospice	3.43	1.245	1.000	1.01	0.00	4.31
074	Inpatient Hospital 45 Day Psych Contract	2.02	1.245	1.000	1.01	0.00	2.54
075	Eyeglasses / Contact Lenses	1.95	1.245	1.000	1.01	0.00	2.46
076	Prosthetics and Orthotics	1.69	1.245	1.000	1.01	0.00	2.12
077	Hearing Aids	0.60	1.245	1.000	1.01	0.00	0.76
078	Vision Care	1.05	1.245	1.000	1.01	0.00	1.32
079	Radiology, Technical Component	11.28	1.245	1.000	1.01	0.00	14.18
080	Laboratory	1.39	1.245	1.000	1.01	0.00	1.74
082	Federal Qualified Health Contract Service	3.63	1.245	1.000	1.01	0.00	4.56
083	Rural Health Clinic Services	0.01	1.245	1.000	1.01	0.00	0.02
087	End-Stage Renal Dialysis	5.44	1.245	1.000	1.01	0.00	6.84
088	Public Health Nursing	0.05	1.245	1.000	1.01	0.00	0.06
090	Nurse Midwife Services	0.01	1.245	1.000	1.01	0.00	0.01
091	Nurse Practitioner Services	0.22	1.245	1.000	1.01	0.00	0.27
999	Unable to Define	0.88	1.245	1.000	1.01	0.00	1.11
	Dialectical Behavioral Therapy	0.67	1.000	1.000	1.01	0.00	0.68
	Total Acute Base Rate	\$296.34					\$381.52
	Prescription Drugs	\$411.06	1.412	0.027	1.01	\$0.05	\$15.87
	Spenddown	27.85	1.000	0.287	1.00	(1.06)	6.91
	Grand Total	\$735.25					\$404.30
	Mental Health Targeted Case Management	\$56.21	1.124	1.000	1.01	\$0.00	\$63.78
	2005 Eligible Months	233,845					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Population: Dual Eligibles, Non-Metro Counties, Community

COS	Description	DHS 2005 Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Projected 2009 PMPM
001	Inpatient Hospital General	\$21.82	1.245	1.260	1.01	\$0.00	\$34.56
006	Rehabilitation	0.11	1.245	1.000	1.01	0.00	0.13
007	Outpatient Hospital Services	16.41	1.245	1.000	1.01	0.00	20.62
014	Inpatient Hospital IMD	1.60	1.245	1.000	1.01	0.00	2.01
015	Inpatient Long Term Hospital	1.16	1.245	1.220	1.01	0.00	1.78
020	Home Health Services	22.98	1.037	1.040	1.01	0.00	25.03
029	RTC - Mental Health	8.00	1.245	1.000	1.01	0.00	10.06
032	Medical Supply / DME	20.45	1.245	1.000	1.01	0.00	25.70
036	Transport, Special	10.26	1.245	1.000	1.01	0.00	12.90
037	Transport, Ambulance	2.99	1.245	1.000	1.01	0.00	3.76
041	Anesthesia	0.96	1.245	1.000	1.01	0.00	1.20
043	Physician Services	34.54	1.245	1.000	1.01	0.00	43.42
045	Dental	16.16	1.245	1.000	1.01	0.00	20.32
046	Mental Health	77.79	1.245	1.018	1.01	0.00	99.60
051	Physical Therapy	1.76	1.245	1.040	1.01	0.00	2.30
053	Speech Therapy	0.23	1.245	1.040	1.01	0.00	0.30
054	Occupational Therapy	0.34	1.245	1.040	1.01	0.00	0.44
055	Podiatry	0.35	1.245	1.000	1.01	0.00	0.44
056	Ambulatory Surgery	0.12	1.245	1.000	1.01	0.00	0.15
057	Chiropractic	0.95	1.245	1.000	1.01	0.00	1.19
058	Audiology	0.14	1.245	1.000	1.01	0.00	0.18
062	Chemical Dependency	4.55	1.245	1.040	1.01	0.00	5.95
063	CD Extended Care / Halfway House	0.91	1.245	1.000	1.01	0.00	1.15
072	Hospice	1.93	1.245	1.000	1.01	0.00	2.42
074	Inpatient Hospital 45 Day Psych Contract	0.58	1.245	1.000	1.01	0.00	0.73
075	Eyeglasses / Contact Lenses	2.40	1.245	1.000	1.01	0.00	3.02
076	Prosthetics and Orthotics	1.47	1.245	1.000	1.01	0.00	1.85
077	Hearing Aids	0.75	1.245	1.000	1.01	0.00	0.95
078	Vision Care	1.38	1.245	1.000	1.01	0.00	1.74
079	Radiology, Technical Component	11.45	1.245	1.000	1.01	0.00	14.40
080	Laboratory	1.30	1.245	1.000	1.01	0.00	1.63
082	Federal Qualified Health Contract Service	0.49	1.245	1.000	1.01	0.00	0.61
083	Rural Health Clinic Services	0.83	1.245	1.000	1.01	0.00	1.04
087	End-Stage Renal Dialysis	1.39	1.245	1.000	1.01	0.00	1.74
088	Public Health Nursing	0.32	1.245	1.000	1.01	0.00	0.40
090	Nurse Midwife Services	0.01	1.245	1.000	1.01	0.00	0.01
091	Nurse Practitioner Services	0.28	1.245	1.000	1.01	0.00	0.36
999	Unable to Define	0.59	1.245	1.000	1.01	0.00	0.74
	Dialectical Behavioral Therapy	0.67	1.000	1.000	1.01	0.00	0.68
	Total Acute Base Rate	\$270.40					\$345.51
	Prescription Drugs	\$396.40	1.412	0.027	1.01	\$0.05	\$15.31
	Spenddown	15.77	1.000	0.249	1.00	(0.53)	3.40
	Grand Total	\$682.56					\$364.22
	Mental Health Targeted Case Management	\$56.21	1.124	1.000	1.01	\$0.00	\$63.78
	2005 Eligible Months	243,034					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Population: Single Eligibles, Metro Counties, Institutional

COS	Description	DHS 2005 Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Projected 2009 PMPM
001	Inpatient Hospital General	\$693.66	1.245	1.260	0.87	\$0.00	\$946.45
006	Rehabilitation	7.32	1.245	1.000	0.87	0.00	7.93
007	Outpatient Hospital Services	64.76	1.245	1.000	0.87	0.00	70.12
014	Inpatient Hospital IMD	1.98	1.245	1.000	0.87	0.00	2.14
015	Inpatient Long Term Hospital	8.70	1.245	1.220	0.87	0.00	11.49
020	Home Health Services	0.73	1.037	1.040	0.87	0.00	0.68
032	Medical Supply / DME	77.77	1.245	1.000	0.87	0.00	84.21
036	Transport, Special	40.18	1.245	1.000	0.87	0.00	43.51
037	Transport, Ambulance	57.90	1.245	1.000	0.87	0.00	62.70
040	Child and Teen Checkup	0.05	1.245	1.000	0.87	0.00	0.05
041	Anesthesia	9.34	1.245	1.000	0.87	0.00	10.12
043	Physician Services	162.01	1.245	1.000	0.87	0.00	175.44
045	Dental	19.07	1.245	1.000	0.87	0.00	20.65
046	Mental Health	42.94	1.245	1.018	0.87	0.00	47.35
051	Physical Therapy	46.12	1.245	1.040	0.87	0.00	51.94
053	Speech Therapy	15.09	1.245	1.040	0.87	0.00	17.00
054	Occupational Therapy	40.90	1.245	1.040	0.87	0.00	46.07
055	Podiatry	2.44	1.245	1.000	0.87	0.00	2.64
056	Ambulatory Surgery	0.54	1.245	1.000	0.87	0.00	0.59
057	Chiropractic	0.09	1.245	1.000	0.87	0.00	0.10
058	Audiology	0.70	1.245	1.000	0.87	0.00	0.76
062	Chemical Dependency	3.50	1.245	1.040	0.87	0.00	3.94
063	CD Extended Care / Halfway House	0.02	1.245	1.000	0.87	0.00	0.03
072	Hospice	2.44	1.245	1.000	0.87	0.00	2.64
074	Inpatient Hospital 45 Day Psych Contract	21.18	1.245	1.000	0.87	0.00	22.94
075	Eyeglasses / Contact Lenses	2.24	1.245	1.000	0.87	0.00	2.43
076	Prosthetics and Orthotics	14.46	1.245	1.000	0.87	0.00	15.65
077	Hearing Aids	1.50	1.245	1.000	0.87	0.00	1.63
078	Vision Care	2.46	1.245	1.000	0.87	0.00	2.66
079	Radiology, Technical Component	54.96	1.245	1.000	0.87	0.00	59.51
080	Laboratory	35.13	1.245	1.000	0.87	0.00	38.04
082	Federal Qualified Health Contract Service	7.83	1.245	1.000	0.87	0.00	8.48
083	Rural Health Clinic Services	0.02	1.245	1.000	0.87	0.00	0.02
087	End-Stage Renal Dialysis	17.62	1.245	1.000	0.87	0.00	19.08
090	Nurse Midwife Services	0.02	1.245	1.000	0.87	0.00	0.02
091	Nurse Practitioner Services	8.78	1.245	1.000	0.87	0.00	9.51
	Dialectical Behavioral Therapy	0.67	1.000	1.000	0.87	0.00	0.58
	Total Acute Base Rate	<u>\$1,465.13</u>					<u>\$1,789.10</u>
	Prescription Drugs	\$706.17	1.412	1.000	0.87	\$0.57	\$867.80
	Spendedown	<u>2.63</u>	1.000	0.500	1.00	(0.19)	<u>1.13</u>
	Grand Total	<u>\$2,173.93</u>					<u>\$2,658.03</u>
	Mental Health Targeted Case Management	\$51.05	1.124	1.000	0.87	\$0.00	\$49.90
	2005 Eligible Months	8,584					

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Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Population: Single Eligibles, Non-Metro Counties, Institutional

COS	Description	DHS 2005 Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Projected 2009 PMPM
001	Inpatient Hospital General	\$551.80	1.245	1.260	0.87	\$0.00	\$752.90
006	Rehabilitation	9.84	1.245	1.000	0.87	0.00	10.65
007	Outpatient Hospital Services	53.00	1.245	1.000	0.87	0.00	57.39
014	Inpatient Hospital IMD	6.41	1.245	1.000	0.87	0.00	6.94
015	Inpatient Long Term Hospital	17.31	1.245	1.220	0.87	0.00	22.87
020	Home Health Services	0.62	1.037	1.040	0.87	0.00	0.58
032	Medical Supply / DME	73.25	1.245	1.000	0.87	0.00	79.32
036	Transport, Special	68.56	1.245	1.000	0.87	0.00	74.24
037	Transport, Ambulance	43.38	1.245	1.000	0.87	0.00	46.97
040	Child and Teen Checkup	0.03	1.245	1.000	0.87	0.00	0.04
041	Anesthesia	8.87	1.245	1.000	0.87	0.00	9.60
043	Physician Services	154.67	1.245	1.000	0.87	0.00	167.49
045	Dental	18.46	1.245	1.000	0.87	0.00	19.99
046	Mental Health	27.24	1.245	1.018	0.87	0.00	30.04
051	Physical Therapy	46.48	1.245	1.040	0.87	0.00	52.35
053	Speech Therapy	12.94	1.245	1.040	0.87	0.00	14.57
054	Occupational Therapy	39.25	1.245	1.040	0.87	0.00	44.21
055	Podiatry	0.90	1.245	1.000	0.87	0.00	0.97
056	Ambulatory Surgery	1.27	1.245	1.000	0.87	0.00	1.37
057	Chiropractic	0.28	1.245	1.000	0.87	0.00	0.30
058	Audiology	0.42	1.245	1.000	0.87	0.00	0.45
062	Chemical Dependency	4.38	1.245	1.040	0.87	0.00	4.93
063	CD Extended Care / Halfway House	0.00	1.245	1.000	0.87	0.00	0.00
072	Hospice	4.13	1.245	1.000	0.87	0.00	4.47
074	Inpatient Hospital 45 Day Psych Contract	15.53	1.245	1.000	0.87	0.00	16.82
075	Eyeglasses / Contact Lenses	2.18	1.245	1.000	0.87	0.00	2.36
076	Prosthetics and Orthotics	21.35	1.245	1.000	0.87	0.00	23.12
077	Hearing Aids	0.47	1.245	1.000	0.87	0.00	0.51
078	Vision Care	2.12	1.245	1.000	0.87	0.00	2.30
079	Radiology, Technical Component	54.63	1.245	1.000	0.87	0.00	59.16
080	Laboratory	31.75	1.245	1.000	0.87	0.00	34.38
082	Federal Qualified Health Contract Service	1.61	1.245	1.000	0.87	0.00	1.74
083	Rural Health Clinic Services	8.06	1.245	1.000	0.87	0.00	8.73
087	End-Stage Renal Dialysis	12.85	1.245	1.000	0.87	0.00	13.92
088	Public Health Nursing	0.01	1.245	1.000	0.87	0.00	0.01
090	Nurse Midwife Services	0.02	1.245	1.000	0.87	0.00	0.02
091	Nurse Practitioner Services	4.16	1.245	1.000	0.87	0.00	4.50
	Dialectical Behavioral Therapy	0.67	1.000	1.000	0.87	0.00	0.58
	Total Acute Base Rate	\$1,298.90					\$1,570.79
	Prescription Drugs	\$586.16	1.412	1.000	0.87	\$0.57	\$720.42
	Spenddown	2.26	1.000	0.500	1.00	(0.17)	0.96
	Grand Total	\$1,887.32					\$2,292.17
	Mental Health Targeted Case Management	\$51.05	1.124	1.000	0.87	\$0.00	\$49.90
	2005 Eligible Months	4,546					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Population: Single Eligibles, Metro Counties, Community

COS	Description	DHS 2005 Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Projected 2009 PMPM
001	Inpatient Hospital General	\$337.31	1.245	1.260	1.01	\$0.00	\$534.30
006	Rehabilitation	6.65	1.245	1.000	1.01	0.00	8.36
007	Outpatient Hospital Services	44.96	1.245	1.000	1.01	0.00	56.52
014	Inpatient Hospital IMD	0.89	1.245	1.000	1.01	0.00	1.12
015	Inpatient Long Term Hospital	13.08	1.245	1.220	1.01	0.00	20.05
020	Home Health Services	16.90	1.037	1.040	1.01	0.00	18.41
029	RTC - Mental Health	2.74	1.245	1.000	1.01	0.00	3.45
032	Medical Supply / DME	37.39	1.245	1.000	1.01	0.00	47.01
036	Transport, Special	5.18	1.245	1.000	1.01	0.00	6.51
037	Transport, Ambulance	15.14	1.245	1.000	1.01	0.00	19.03
040	Child and Teen Checkup	0.05	1.245	1.000	1.01	0.00	0.06
041	Anesthesia	4.82	1.245	1.000	1.01	0.00	6.05
043	Physician Services	107.29	1.245	1.000	1.01	0.00	134.88
045	Dental	11.88	1.245	1.000	1.01	0.00	14.94
046	Mental Health	67.78	1.245	1.018	1.01	0.00	86.78
051	Physical Therapy	3.38	1.245	1.040	1.01	0.00	4.41
053	Speech Therapy	0.77	1.245	1.040	1.01	0.00	1.00
054	Occupational Therapy	2.18	1.245	1.040	1.01	0.00	2.85
055	Podiatry	0.93	1.245	1.000	1.01	0.00	1.17
056	Ambulatory Surgery	1.20	1.245	1.000	1.01	0.00	1.51
057	Chiropractic	0.67	1.245	1.000	1.01	0.00	0.84
058	Audiology	0.20	1.245	1.000	1.01	0.00	0.26
062	Chemical Dependency	11.33	1.245	1.040	1.01	0.00	14.82
063	CD Extended Care / Halfway House	1.56	1.245	1.000	1.01	0.00	1.96
072	Hospice	6.78	1.245	1.000	1.01	0.00	8.53
074	Inpatient Hospital 45 Day Psych Contract	31.56	1.245	1.000	1.01	0.00	39.68
075	Eyeglasses / Contact Lenses	1.99	1.245	1.000	1.01	0.00	2.50
076	Prosthetics and Orthotics	3.92	1.245	1.000	1.01	0.00	4.92
077	Hearing Aids	0.40	1.245	1.000	1.01	0.00	0.50
078	Vision Care	1.11	1.245	1.000	1.01	0.00	1.39
079	Radiology, Technical Component	37.98	1.245	1.000	1.01	0.00	47.75
080	Laboratory	16.82	1.245	1.000	1.01	0.00	21.15
082	Federal Qualified Health Contract Service	16.98	1.245	1.000	1.01	0.00	21.34
083	Rural Health Clinic Services	0.07	1.245	1.000	1.01	0.00	0.09
087	End-Stage Renal Dialysis	8.28	1.245	1.000	1.01	0.00	10.41
088	Public Health Nursing	0.15	1.245	1.000	1.01	0.00	0.18
090	Nurse Midwife Services	0.12	1.245	1.000	1.01	0.00	0.15
091	Nurse Practitioner Services	1.65	1.245	1.000	1.01	0.00	2.08
999	Unable to Define	0.01	1.245	1.000	1.01	0.00	0.01
	Dialectical Behavioral Therapy	0.67	1.000	1.000	1.01	0.00	0.68
	Total Acute Base Rate	\$822.76					\$1,147.65
	Prescription Drugs	\$271.65	1.412	1.000	1.01	\$0.57	\$387.86
	Spenddown	6.96	1.000	0.363	1.00	(0.40)	2.12
	Grand Total	\$1,101.36					\$1,537.63
	Mental Health Targeted Case Management	\$51.05	1.124	1.000	1.01	\$0.00	\$57.93
	2005 Eligible Months	235,448					

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Appendix 2
Special Need BasicCare
PMPM Cost Models for 2005 Experience and Projected 2009 Rates

Population: Single Eligibles, Non-Metro Counties, Community

COS	Description	DHS 2005 Liability PMPM	Trend	Additional Multiplicative Adjustment	Over/Under Prediction Adjustment	Additional Additive Adjustment	Projected 2009 PMPM
001	Inpatient Hospital General	\$261.13	1.245	1.260	1.01	\$0.00	\$413.63
006	Rehabilitation	7.72	1.245	1.000	1.01	0.00	9.71
007	Outpatient Hospital Services	49.95	1.245	1.000	1.01	0.00	62.79
014	Inpatient Hospital IMD	7.38	1.245	1.000	1.01	0.00	9.28
015	Inpatient Long Term Hospital	10.08	1.245	1.220	1.01	0.00	15.46
020	Home Health Services	19.64	1.037	1.040	1.01	0.00	21.39
029	RTC - Mental Health	17.15	1.245	1.000	1.01	0.00	21.56
032	Medical Supply / DME	40.04	1.245	1.000	1.01	0.00	50.33
036	Transport, Special	6.28	1.245	1.000	1.01	0.00	7.90
037	Transport, Ambulance	15.83	1.245	1.000	1.01	0.00	19.90
040	Child and Teen Checkup	0.05	1.245	1.000	1.01	0.00	0.06
041	Anesthesia	6.12	1.245	1.000	1.01	0.00	7.70
043	Physician Services	116.73	1.245	1.000	1.01	0.00	146.74
045	Dental	14.87	1.245	1.000	1.01	0.00	18.69
046	Mental Health	79.84	1.245	1.018	1.01	0.00	102.22
051	Physical Therapy	4.43	1.245	1.040	1.01	0.00	5.79
053	Speech Therapy	0.58	1.245	1.040	1.01	0.00	0.76
054	Occupational Therapy	1.31	1.245	1.040	1.01	0.00	1.71
055	Podiatry	1.01	1.245	1.000	1.01	0.00	1.27
056	Ambulatory Surgery	2.25	1.245	1.000	1.01	0.00	2.83
057	Chiropractic	1.35	1.245	1.000	1.01	0.00	1.69
058	Audiology	0.18	1.245	1.000	1.01	0.00	0.22
062	Chemical Dependency	9.01	1.245	1.040	1.01	0.00	11.78
063	CD Extended Care / Halfway House	1.14	1.245	1.000	1.01	0.00	1.43
072	Hospice	5.40	1.245	1.000	1.01	0.00	6.79
074	Inpatient Hospital 45 Day Psych Contract	13.45	1.245	1.000	1.01	0.00	16.91
075	Eyeglasses / Contact Lenses	2.43	1.245	1.000	1.01	0.00	3.06
076	Prosthetics and Orthotics	4.90	1.245	1.000	1.01	0.00	6.16
077	Hearing Aids	0.62	1.245	1.000	1.01	0.00	0.78
078	Vision Care	1.67	1.245	1.000	1.01	0.00	2.10
079	Radiology, Technical Component	44.87	1.245	1.000	1.01	0.00	56.41
080	Laboratory	18.72	1.245	1.000	1.01	0.00	23.54
082	Federal Qualified Health Contract Service	2.04	1.245	1.000	1.01	0.00	2.56
083	Rural Health Clinic Services	3.75	1.245	1.000	1.01	0.00	4.72
087	End-Stage Renal Dialysis	2.88	1.245	1.000	1.01	0.00	3.62
088	Public Health Nursing	0.46	1.245	1.000	1.01	0.00	0.58
090	Nurse Midwife Services	0.05	1.245	1.000	1.01	0.00	0.06
091	Nurse Practitioner Services	2.20	1.245	1.000	1.01	0.00	2.77
	Dialectical Behavioral Therapy	0.67	1.000	1.000	1.01	0.00	0.68
	Total Acute Base Rate	\$778.18					\$1,065.58
	Prescription Drugs	\$347.68	1.412	1.000	1.01	\$0.57	\$496.26
	Spenddown	5.85	1.000	0.344	1.00	(0.32)	1.68
	Grand Total	\$1,131.70					\$1,563.52
	Mental Health Targeted Case Management	\$51.05	1.124	1.000	1.01	\$0.00	\$57.93
	2005 Eligible Months	178,307					

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Appendix 3

SNBC NF Add-On Rate Development

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Appendix 3
Special Needs BasicCare
100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2009
Single Eligible Population

	CY 2008	CY 2009
NF Add-On	\$12.67	\$14.01
Per Diem	\$168.28	\$172.09
Monthly Freq	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	
					CY2008	CY2009	CY 2008	CY 2009
2008	January	23	291	0.0288	72.0	0.0	348	0
	February	34	431	0.0425	72.0	0.0	515	0
	March	66	836	0.0825	72.0	0.0	1,000	0
	April	97	1,229	0.1213	72.0	0.0	1,469	0
	May	152	1,926	0.1900	72.0	0.0	2,302	0
	June	348	4,409	0.4350	72.0	0.0	5,271	0
	July	724	9,174	0.9050	72.0	0.0	10,965	0
	August	832	10,542	1.0400	72.0	0.0	12,601	0
	September	865	10,960	1.0813	72.0	0.0	13,101	0
	October	898	11,378	1.1225	54.6	17.4	10,305	3,370
	November	931	11,797	1.1638	35.0	37.0	6,849	7,416
	December	961	12,177	1.2013	12.6	59.4	2,546	12,280
Total 2008 Contract Period		5,931	\$75,151		53.9	18.1	\$67,271	\$23,066

2009	January	991	13,882	1.2388		72.0		15,349
	February	1,021	14,302	1.2763		72.0		15,813
	March	1,054	14,764	1.3175		72.0		16,324
	April	1,087	15,226	1.3588		72.0		16,836
	May	1,120	15,689	1.4000		72.0		17,347
	June	1,153	16,151	1.4413		72.0		17,858
	July	1,186	16,613	1.4825		72.0		18,369
	August	1,219	17,075	1.5238		72.0		18,880
	September	1,252	17,538	1.5650		72.0		19,391
	October	1,285	18,000	1.6063		54.6		15,080
	November	1,318	18,462	1.6475		35.0		9,915
	December	1,351	18,924	1.6888		12.6		3,661
Total 2009 Contract Period		14,037	\$196,627			61.2		\$184,823

Grand Total							\$67,271	\$207,888
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Appendix 3
Special Needs BasicCare
100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2009
Dual Eligible Population

	CY 2008	CY 2009
NF Add-On	\$10.20	\$13.75
Per Diem	\$168.28	\$172.09
Monthly Freq	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	
					CY2008	CY2009	CY 2008	CY 2009
2008	January	558	5,694	0.6975	73.0	0.0	8,568	0
	February	599	6,112	0.7488	73.0	0.0	9,198	0
	March	685	6,989	0.8563	73.0	0.0	10,519	0
	April	736	7,510	0.9200	73.0	0.0	11,302	0
	May	815	8,316	1.0188	73.0	0.0	12,515	0
	June	1,116	11,387	1.3950	73.0	0.0	17,137	0
	July	1,481	15,111	1.8513	73.0	0.0	22,742	0
	August	1,580	16,122	1.9750	73.0	0.0	24,262	0
	September	1,642	16,754	2.0525	73.0	0.0	25,214	0
	October	1,704	17,387	2.1300	55.3	17.7	19,826	6,483
	November	1,766	18,019	2.2075	35.5	37.5	13,171	14,262
	December	1,821	18,581	2.2763	12.8	60.2	4,892	23,592
Total 2008 Contract Period		14,503	\$147,982		58.8	14.2	\$179,345	\$44,338

2009	January	1,876	25,799	2.3450		73.0		29,459
	February	1,931	26,555	2.4138		73.0		30,323
	March	1,993	27,408	2.4913		73.0		31,297
	April	2,055	28,261	2.5688		73.0		32,270
	May	2,117	29,113	2.6463		73.0		33,244
	June	2,179	29,966	2.7238		73.0		34,217
	July	2,241	30,819	2.8013		73.0		35,191
	August	2,303	31,671	2.8788		73.0		36,164
	September	2,365	32,524	2.9563		73.0		37,138
	October	2,427	33,377	3.0338		55.3		28,878
	November	2,489	34,229	3.1113		35.5		18,984
	December	2,551	35,082	3.1888		12.8		7,009
Total 2009 Contract Period		26,527	\$364,804			62.1		\$354,174

Grand Total							\$179,345	\$398,512
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Appendix 3
Special Needs BasicCare
100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2009
Single Eligible Population

Rate Component	2008	2009
Section A		
Monthly Claim Frequency (Rounded)		0.125 %
(x) Truncated Medicaid Length of Stay		61.2
(x) Charge per Day		<u>\$172.09</u>
= Initial Rate (1)	\$12.89	\$13.17
Section B		
2009 NF \$ for 2008 Admits		\$23,066
(/) 2009 Eligible Months		<u>14,037</u>
= Tail Rate (2)	\$0.00	\$1.64
Section C		
2008 NF Rates to Health Plans		(\$75,151)
2007 Enrollment Adjustment in 2008		\$0
(+) 2008 NF \$ for 2008 Admits		<u>\$67,271</u>
= Enrollment Adjustment Dollars		(\$7,880)
(/) 2009 Eligible Months		<u>14,037</u>
= Enrollment Adjustment Rate (3)	\$0.00	(\$0.56)
Section D		
Initial Base Rate = (1)+(2)+(3)	\$12.89	\$14.25
Disenrollment Fee Adjustment	<u>0.983</u>	<u>0.983</u>
Final Base Rate	\$12.67	\$14.01

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Appendix 3
Special Needs BasicCare
100 Day Nursing Facility Add-On Rate Calculation
Calendar Year 2009
Dual Eligible Population

Rate Component	2008	2009
Section A		
Monthly Claim Frequency (Rounded)		0.125 %
(x) Truncated Medicaid Length of Stay		51.8
(x) Charge per Day		<u>\$172.09</u>
= Initial Rate (1)	\$10.38	\$11.14
Section B		
2009 NF \$ for 2008 Admits		\$44,338
(/) 2009 Eligible Months		<u>26,527</u>
= Tail Rate (2)	\$0.00	\$1.67
Section C		
2008 NF Rates to Health Plans		(\$147,982)
2007 Enrollment Adjustment in 2008		\$0
(+) 2008 NF \$ for 2008 Admits		<u>\$179,345</u>
= Enrollment Adjustment Dollars		\$31,363
(/) 2009 Eligible Months		<u>26,527</u>
= Enrollment Adjustment Rate (3)	\$0.00	\$1.18
Section D		
Initial Base Rate = (1)+(2)+(3)	\$10.38	\$13.99
Disenrollment Fee Adjustment	<u>0.983</u>	<u>0.983</u>
Final Base Rate	\$10.20	\$13.75

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