

**AMENDMENT NO. 1 TO B 22528**

Contract Start Date:	October 1, 2009	Total Contract Amount:	Per Member/Per Month
Original Contract Expiration Date:	December 31, 2009	Original Contract Amount:	Per Member/Per Month
Current Contract Expiration Date:	December 31, 2009	Previous Amendment(s) Total:	N/A
Requested Contract Expiration Date:	December 31, 2009	Amendment Amount:	N/A

This amendment is by and between the State of Minnesota, through its Commissioner of the Department of Human Services ("STATE") and **UCare Minnesota**, Managed Care Organization ("MCO"), identified as Contract No. B22528 to further the Minnesota Medical Assistance Program for the provision of prepaid medical and remedial services pursuant to Title XIX of the Social Security Act; and

WHEREAS, the STATE wishes to exercise the option to amend this contract as provided in Article 21;

WHEREAS, as of October 1, 2009, the medical assistance capitation rates for **Minnesota Disability Health Options** (MnDHO) will be reduced to reflect the statutory changes enacted by the 2009 Minnesota Legislature during the regular session;

WHEREAS, pursuant to Minnesota Statutes, § 16A.152, subd. 4, the Commissioner of Finance reduced the amount of allotted funds for certain medical expenditures, and the unallotments effective July 1, 2009, that impact fee-for-service rates calculations are included in the medical assistance managed care rate reductions effective October 1, 2009, and

WHEREAS, the STATE and the MCO have agreed to amend the Contract to include these legislative and executive changes.

Therefore, the parties agree that:

**REVISION 1.** Rates listed in **Appendix 1** are amended to include the following rate methodology adjustments. These adjustments will be reflected in the revised Appendix pages labeled Appendix 1, MnDHO October 2009 Rate Components Per Member per Month, and incorporated into this contract by reference. The rates are adjusted as follows:

**Rate Adjustment 1. Physician and Professional Services Ratable Reduction.** Amended rates will reflect a reduction for physician and professional services. Office and other outpatient visits, preventive medicine visits, and family planning visits are exempt from this rate reduction when billed by physicians, advanced practice nurses, or physician assistants in a family planning agency or in one of the following primary care practices: general practice, general internal medicine, general pediatrics, general geriatrics, and family medicine. This reduction does not apply to federally qualified health centers, rural health centers or Indian health services. Payment rates for physician and professional services are reduced by total of six and one half percent (6.5%). 76.9% of this reduction is pursuant to Minnesota Laws 2009, chapter 79, article 5, section 51, amended by chapter 173, article 1, section 32, that amends Minnesota Statutes §

256B.76, subd. 1; and the remaining 23.1% reduction is pursuant to Minnesota Statutes § 16A.152, subd. 4, that amends Minnesota Statutes § 256B.766.

**Rate Adjustment 2. Basic Care Ratable Reduction.** For MnDHO services provided on or after October 1, 2009, amended rates will reflect a reduction for basic care medical services. Exemptions from this reduction include inpatient hospital services, physician and professional services, family planning services, mental health services, dental services, prescription drugs, home health services, medical transportation and Medicare cost sharing. This reduction does not apply to federally qualified health centers, rural health centers or Indian health services. Payment rates for basic care services are reduced by a total of four and one half percent (4.5%). Two thirds (66%) of this reduction is pursuant to Minnesota Laws 2009, chapter 79, article 5, section 52, amended by chapter 173, article 1, section 42 that amends Minnesota Statutes § 256B.766. The remaining one third (33%) of this reduction is pursuant to Minnesota Statutes § 16A.152, subd. 4, which amends Minnesota Statutes § 256B.766.

**Rate Adjustment 3. Inpatient Hospital Ratable Reduction.** Payment rates for inpatient hospital admissions occurring on or after October 1, 2009 are reduced by one percent (1.0%) pursuant to Minnesota Laws 2009, chapter 79, article 5, section 12, which amends Minnesota Statutes § 256.969, subd. 3a(h). Exclusions from this reduction include facilities operated by the Indian Health Service and Indian tribes.

**Rate Adjustment 5. Reimbursement Rates for Births, Professional Services.** For services provided on or after October 1, 2009, there will be one calculated rate for professional services related to labor, delivery, and antepartum and postpartum care when provided for the following diagnosis-related groups: (1) 371 cesarean sections without complicating diagnosis; (2) 372 vaginal delivery with complicating diagnosis; and (3) 373 vaginal delivery without complicating diagnosis. This calculated rate shall not reflect a shift of greater than five percent (5.0%) in the current proportion of all births delivered vaginally and by cesarean section. This payment reduction is pursuant to Minnesota Statutes § 256B.756 as added by Minnesota Laws 2009, chapter 79, article 5, section 50, amended by chapter 173, article 1, section 31.

**Rate Adjustment 6. Reimbursement Rates for Births, Inpatient Facility.** For admissions occurring on or after October 1, 2009, the total operating and property payment rate, excluding disproportionate population adjustment, for the same diagnosis-related groups listed in **Rate Adjustment 5**, shall be no greater than \$3,528. Newborn care is excluded from these rates. This rate reduction applies to Medical Assistance and MinnesotaCare, and is pursuant to Minnesota Laws 2009, chapter 173, article 1, section 14, which amends Minnesota Statutes, § 256.969; and Minnesota Statutes, § 256B.756 as added by Minnesota Laws 2009, chapter 79, article 5, section 50.

**Rate Adjustment 7. Personal Care Assistance Providers.** As of October 1, 2009, managed care capitation rates shall be adjusted to reflect that Personal Care Assistance providers will be limited to providing and being paid for up to 275 total hours per month of personal care assistance services regardless of the number of recipients being served, or the number of personal care assistance provider agencies the PCA is enrolled with, pursuant to Minnesota Laws 2009, chapter 79, article 8, section 31 that adds a new Minnesota Statute, § 256B.0659, subd. 11(a)(10), limiting the total hours to 310, and actions of the Commissioner of Finance under Minnesota Statutes § 16A.152, subd. 4 that reduces the total hours to 275.

**Rate Adjustment 8. Long Term Care Providers.** MCOs must implement a two point five-eight percent (2.58%) rate reduction effective October 1, 2009, for certain providers of State Plan Home Care Services, including but not limited to, nursing and home health services, personal care assistance (PCA) services, private duty nursing (PDN) services, physical therapy, occupational therapy, speech and respiratory therapy services, pursuant to Minnesota Laws 2009, chapter 79, article 8, section 79.

**Rate Adjustment 9. Foster Care Rates.** Rates for adult foster care and supportive living services that are reimbursed under section 256B.092 or 256B.49, and are above the 95th percentile of the statewide rates for the service, shall be by decreased five percent. The reduction in rates shall take into account the acuity of individuals served based on the methodology used to allocate dollars to local lead agency budgets, and assure that affected service rates are not reduced below the rate level represented by the above percentile due to this rate change. The MCO, as a Lead Agency, shall amend contracts for services specified in this section to implement these rate changes for services rendered on or after July 1, 2009, pursuant to Minnesota Laws 2009, chapter 79, article 8, section 55 that amends Ch. 256B by adding a new section § 256B.0948.

**Rate Adjustment 10. Suspension of Nursing Facility Rebasing.** The State shall adjust the nursing facility rates to reflect rebasing for State Fiscal Year 2010, which includes the October 2009 through December 2009 rates, as stated in Minnesota Statutes, § 256B.441, subd. 55, pursuant to Minnesota Laws 2009, Chapter 79, article 8, section 61.

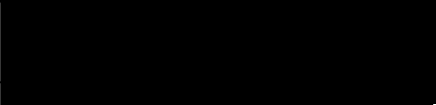
EXCEPT AS AMENDED HEREIN, THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND ALL PREVIOUS AMENDMENTS REMAIN IN FULL FORCE AND EFFECT.

*Signature page follows.*

IN WITNESS WHEREOF, the parties hereto have executed this contract amendment. This contract amendment is hereby accepted and considered binding in accordance with the terms outlined in the preceding statements.

**APPROVED:**

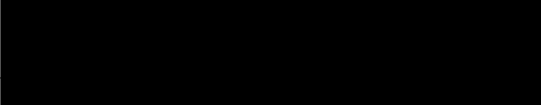
**STATE OF MINNESOTA  
DEPARTMENT OF HUMAN SERVICES**

By: 

Title: Medical Director

Date: 9/14/09


**UCare Minnesota**  
(Two corporate officers must execute)

By: 

Title: President + CEO

Date: 9/31/09

**and**

By: 

Title: Senior Vice President, General Counsel + Secretary

Date: 9/31/09

**Appendix 1  
MnDHO-PD  
October 2009 Rate Components Per Member Per Month (PMPM)  
All Amounts Include 1% Premium Tax Loading**

Other Community CADL Single Eligibles	Population	A		B		C		D		E		F		G		H		I		J		K		L		M		N	
		From App. 2a		From App. 2a		From App. 2a		From App. 2a		From App. 2b		From App. 2b		From App. 2b		From App. 2b		From App. 2b		From App. 2b		From App. 2b		From App. 2a		From App. 2a		From App. 2a	
		Acute Base Rate	Rx Base Rate	Spentdown Adjustment	Acute Base Rate for Risk Adjustment	Acute Risk Score	Base Rate After Risk Adjustment	PCA/PDN Base Rate	Other LTC Waiver Services Base Rate	Total LTC Base Rate	LTC Risk Score	LTC Base Rate After Risk Adjustment	NF Add-On	MIL-TCM Add-On	Total MnDHO-PD Rate 10/09 - 12/09														
A	Dual Eligibles	\$417.00	\$15.92	\$27.39	\$458.31	1,9029	\$872.12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$103.14	\$9.81	\$985.07				
A	Single Eligibles	1,199.41	360.63	6.23	1,566.27	1,9930	3,121.63	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	73.73	9.44	3,204.80				
B	Dual Eligibles	\$417.00	\$13.92	\$27.39	\$458.31	1,9029	\$872.12	\$714.57	\$5,386.52	\$4,101.09	\$714.57	\$5,294.60	\$9.81	\$6,279.67															
K	Conversion	417.00	13.92	27.39	458.31	1,9029	872.12	714.57	3,386.52	4,101.09	714.57	5,294.60	9.81	6,176.55															
B	Single Eligibles	1,199.41	360.63	6.23	1,566.27	1,9930	3,121.63	714.57	3,386.52	4,101.09	714.57	4,598.67	9.44	7,803.47															
K	Conversion	1,199.41	360.63	6.23	1,566.27	1,9930	3,121.63	714.57	3,386.52	4,101.09	714.57	4,598.67	9.44	7,729.74															
E	Dual Eligibles	\$417.00	\$13.92	\$27.39	\$458.31	1,9029	\$872.12	\$2,786.17	\$92.77	\$2,878.94	\$2,878.94	\$2,894.13	\$9.81	\$3,879.20															
E	Single Eligibles	1,199.41	360.63	6.23	1,566.27	1,9930	3,121.63	2,786.17	92.77	2,878.94	2,878.94	2,420.86	9.44	5,625.66															
I	Dual Eligibles	\$417.00	\$13.92	\$27.39	\$458.31	1,9029	\$872.12	\$100.69	\$13,164.69	\$13,265.38	\$13,265.38	\$13,265.38	\$9.81	\$14,250.45															
R	Conversion	417.00	13.92	27.39	458.31	1,9029	872.12	100.69	13,164.69	13,265.38	N/A	13,265.38	9.81	14,147.31															
I	Single Eligibles	1,199.41	360.63	6.23	1,566.27	1,9930	3,121.63	81.15	10,609.82	10,690.97	N/A	10,690.97	9.44	13,955.77															
R	Conversion	1,199.41	360.63	6.23	1,566.27	1,9930	3,121.63	81.15	10,609.82	10,690.97	N/A	10,690.97	9.44	13,822.04															
J	Dual Eligibles	\$417.00	\$13.92	\$27.39	\$458.31	1,9029	\$872.12	\$688.79	\$3,648.61	\$4,337.40	\$688.79	\$6,110.83	\$9.81	\$7,095.90															
S	Conversion	417.00	13.92	27.39	458.31	1,9029	872.12	688.79	3,648.61	4,337.40	688.79	6,110.83	9.81	6,992.76															
J	Single Eligibles	1,199.41	360.63	6.23	1,566.27	1,9930	3,121.63	688.79	3,648.61	4,337.40	688.79	5,259.83	9.44	8,464.63															
S	Conversion	1,199.41	360.63	6.23	1,566.27	1,9930	3,121.63	688.79	3,648.61	4,337.40	688.79	5,259.83	9.44	8,390.90															
U	Dual Eligibles	\$424.53	\$21.80	\$2.97	\$449.30	1,9029	\$854.98	N/A	N/A	N/A	N/A	N/A	\$8.44	\$863.42															
U	Single Eligibles	2,321.67	971.68	2.87	3,296.22	1,9930	6,569.48	N/A	N/A	N/A	N/A	N/A	8.13	6,577.61															

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.

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