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Minnesota's capitation rates have been developed using plan cost data. These costs are then trended for the impact of legislative changes related to fees and benefits. The rates historically have yielded higher than targeted margins for the plans. The trends and high margins have been an area of intense scrutiny for DHS over the past two years. DHS is beginning a process to review base Fee for Service rates which have not been maintained and are out of date with current data as well as updating the risk adjustment process. DHS will also start utilizing encounter data in the rate process.

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