

# HMO ACTUARIAL RATE CERTIFICATION

(FY2009 Appropriation Bill - Public Act 246 of 2008)

## Upon Receipt of Certification

**Section 1764:** The department shall annually certify rates paid to Medicaid health plans as being actuarially sound in accordance with federal requirements and shall provide a copy of the rate certification and approval immediately to the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies.

*Michigan Department  
of Community Health*



Jennifer M. Granholm, Governor  
Janet Olszewski, Director



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July 24, 2008

Mr. Richard Miles  
State of Michigan, Medical Services Administration  
Department of Community Health  
400 S. Pine Street  
P.O. Box 30479  
Lansing, MI 48909-7979

**RE: CAPITATION RATE DEVELOPMENT – FY 2009**

Dear Dick:

Milliman, Inc. (Milliman) has been retained by the State of Michigan, Department of Community Health (MDCH) to develop capitation rates for the risk based managed care health plans for state fiscal year (SFY) 2009. The SFY 2009 capitation rates have been developed by updating the SFY 2008 capitation rates with trend, and additional policy and program changes. This letter provides documentation to address the items outlined in the Centers for Medicare and Medicaid Services Rate Setting checklist for regional offices, as well as to provide the required actuarial certification of the capitation rates. This letter replaces the draft version dated July 3, 2008.

**LIMITATIONS**

The information contained in this letter, including the enclosures, has been prepared for the State of Michigan, Department of Community Health and their consultants and advisors. It is our understanding that the information contained in this letter may be utilized in a public document. To the extent that the information contained in this letter is provided to third parties, the letter should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the data presented.

Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for MDCH by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this letter must rely upon their own experts in drawing conclusions about the MDCH capitation rates, assumptions, and trends.

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The information contained in this letter was prepared as documentation of the actuarially sound capitation rates for Medicaid managed care organization health plans in the State of Michigan. The information may not be appropriate for any other purpose.

### **EXECUTIVE SUMMARY**

The current capitation rates contracted between MDCH and the managed care health plans were effective for a twelve month period from October 1, 2007 through September 30, 2008. The current capitation rates were certified as actuarially sound in a documentation letter dated August 17, 2007. The SFY 2009 capitation rates were developed by trending the current capitation rates from the mid-point of the twelve month period to the mid-point of SFY 2009. In addition to the trend rate, Milliman adjusted the capitation rates for the following policy and program changes:

- Adjust the TANF / Program L, Under 1 Male and Female rate cells for increased newborn enrollment due to mandatory managed care enrollment of pregnant women;
- Adjust the TANF / Program L, 15 – 20, 21 – 25, and 26 – 44 Female rate cells for mandatory managed care enrollment of pregnant women;
- Removal of MSS/ISS services from the Maternity case rate;
- Adjust the adolescent center outreach for updated reimbursement rates;
- Adjust for the physician fee increase for preventive care services;
- Adjust non-emergency transportation for fuel price increase;
- Adjust for the children's fluoride treatment benefit;
- Adjust for the increase in hospital reimbursement levels;
- Adjust for the inclusion of Graduate Medical Education payments;
- Adjust for the inclusion of the Specialty Network Access Fee;
- Third Party liability adjustment;
- Change of the QAAP rate to reflect 5.5% for SFY 2009;
- Total administration loads of 11.5% for the monthly capitation and 3.0% for the maternity case rate, excluding QAAP;
- Adjust for Michigan Business Tax; and,
- Incentive arrangements.

The capitation rate ranges will continue to vary by geographic region, aid category, and age/gender. The Blind and Disabled rates will be adjusted by health plan using the CDPS diagnosis risk adjuster. Enclosure 1 illustrates the capitation rates and the capitation rate adjustment factors.



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Enclosure 2 contains an actuarial certification regarding the actuarial soundness of the capitation rates. The remainder of this letter provides the documentation of the development of the capitation rates. This letter should be provided in its entirety to CMS for their approval of the capitation rates.

### CAPITATION RATE DEVELOPMENT

The initial capitation rate development was based on fee-for-service (FFS) and health plan encounter claim experience from October 2004 through September 2006, the *Milliman Medicaid Cost Guidelines (Guidelines)*, and other Milliman proprietary data. The SFY 2008 capitation rate certification utilized health plan financial experience in the development of the capitation rates. For the SFY 2009 capitation rates, Milliman has trended the current capitation rates, with additional adjustments for policy and program changes. The remainder of this section discusses each of the adjustments in further detail.

Enclosure 3 provides the development of the capitation rates, including the estimated PMPM costs for each of the following adjustments.

**Trend 12 months to mid-point of SFY 2009.** For the base capitation rates, Milliman trended the underlying claim costs for the SFY 2008 capitation rates, which were developed in the prior rate setting process. The underlying claim costs reflect all adjustment factors used in establishing the capitation rates. Milliman developed trend rates by category of service and calculated a composite trend rate. The composite trend rate, which was applied to all rate cells. Milliman also developed a low trend rate and a high trend rate. To provide a larger rate range, the low trend rate was applied to the high degree of managed care capitation rates for SFY 2008 and the high trends rates were applied to the low degree of managed care capitation rates for SFY 2008. The trend rates were developed based on a review of data used in the MDCH budget process, data used in the capitation rate setting process and health plan financial information. Table 1 illustrates the annual trend rates by category of service and on a composite basis for the TANF/L and Blind/Disabled populations, separately.

**Table 1**

**State of Michigan**  
**Department of Community Health**  
**Summary of Annual Trend Rates**

Category of Service	Low Trend Rate		High Trend Rate	
	TANF / L	Blind / Disabled	TANF / L	Blind / Disabled
Hospital Inpatient	1.50%	2.50%	2.50%	3.25%
Hospital Outpatient	2.50%	3.00%	3.50%	5.00%
Pharmacy	6.00%	7.50%	7.50%	8.00%
Other Ancillary	2.75%	2.50%	4.50%	4.50%
Physician	3.00%	2.00%	3.75%	3.50%
Composites				
Region Group 1	3.1%	3.7%	4.1%	4.9%
Region Group 2	3.2%	4.0%	4.2%	5.1%

Note: 1. The composite trend rates vary by region groups due to the distribution of claim cost differences by category of service.

**Adjust the TANF / Program L, Under 1 Male and Female rate cells for mandatory enrollment of pregnant mothers.** Beginning October 2008, pregnant women will be enrolled in managed care upon becoming Medicaid eligible. The increase in pregnant women enrolled in managed care will likewise cause a higher proportion of newborns to be delivered in mandatorily managed care, rather than FFS environment. The increase of 0 and 1 month old children in the 'Less than 1' rate cells will increase the average member cost, as newborn claim cost is heavily weighted the first and second months of life. Table 2 illustrates the cost curve for newborns by time since delivery, and the estimated cost curve change between current enrollment and projected enrollment attributed to the policy change. Milliman has adjusted the capitation rate for the 'Less than 1' rate cells to reflect the claim cost change attributable to the greater number of 0 and 1 month old newborns. Additionally, projected enrollment for SFY 2009 reflects the increase in membership for these rate cells.

**Table 2**

**State of Michigan**  
**Department of Community Health**  
**Newborn Cost Curve**

Time Since Delivery	Adjustment Factor	Region Group 1		Region Group 2	
		Current Enrollment Distribution	Projected Enrollment Distribution	Current Enrollment Distribution	Projected Enrollment Distribution
<15 Days	18.627	324	705	456	1,093
15-30 Days	1.236	324	705	456	1,093
31-90 Days	0.902	3,062	4,590	4,688	7,096
4-12 Months	0.621	14,060	15,274	20,686	22,793
Composite Factor		1.009	1.299	0.994	1.318
Ratio of Projected to Current			1.288		1.325

**Adjust the TANF / Program L, 15 – 20, 21 – 25, and 26 – 44 Female rate cells for mandatory enrollment of pregnant mothers.** Beginning October 2008, pregnant women will be mandatorily enrolled in a health plan upon becoming Medicaid eligible. Based on historical experience, pregnant women have a higher utilization of non-delivery services. Milliman has adjusted the claims cost for the impacted rate cells to reflect an increased proportion of pregnant women. Additionally, projected enrollment for SFY 2009 reflects the increase in membership for these rate cells. Table 3 illustrates the population adjustments made to the capitation rates cost for the females of child bearing age.

**Table 3**

**State of Michigan**  
**Department of Community Health**  
**Pregnant Women Population Adjustments**

State Rate Cell	Region Group 1	Region Group 2
Female 15 – 20 Years	1.017	1.022
Female 21 – 25 Years	1.056	1.047
Female 26 – 44 Years	1.014	1.015



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**Removal of MSS/ISS services.** MDCH indicated that the MSS/ISS services will no longer be a contracted service under the MCO contract.

**Adjust the adolescent center outreach for updated reimbursement rates.** MDCH provided updated reimbursement rates for the adolescent center outreach benefit.

**Adjust for the physician fee increase for preventive care services.** The base line claim costs include an amount for preventive services performed by physicians. Milliman has included an amount to reflect the increase in the fee schedule.

**Adjust non-emergency transportation for fuel price increase.** MDCH has increased the amount added for non-emergency transportation for the rise in fuel costs. The values shown in Enclosure 3 represent the full add-on for non-emergency transportation services, since these costs are not in the underlying base claim costs.

**Adjust for the children's fluoride treatment benefit.** Beginning October 1, 2008, MDCH will begin covering fluoride treatments provided to children between the ages of 1 and 2 years old in a physicians' office. Milliman has included the cost for this benefit based on utilization from the internal data sources for these ages at the cost of \$9.00 per service, as indicated by MDCH.

**Adjust for increase in hospital reimbursement levels.** MDCH has implemented an increase in hospital reimbursement rates for hospital inpatient and hospital outpatient services. Milliman has allocated the increases to the individual rate cells based on the proportion of estimated medical costs for hospital inpatient and hospital outpatient services. This adjustment will move the level of reimbursement paid to the hospitals by Medicaid health plans closer to the fee-for-service reimbursement.

**Adjust for inclusion in Graduate Medical Education payments.** Graduate medical education (GME) payments were included as a separate add-on adjustment to the base capitation rates. The add-on adjustment reflected the aggregate GME expenditures for the risk-based managed care population. The add-on adjustment was distributed by rate cell based on estimated inpatient hospital expenditures and projected SFY 2009 enrollment.

**Adjust for Specialty Network Access Fee payments.** Milliman has included an additional \$64.1 million in the capitation rates to reflect increased reimbursement to specialty physicians. An additional \$4.58 PMPM has been included in the TANF / Program L rate cells to reflect these payments. An additional \$9.16 PMPM has been added to the Blind / Disabled capitation rates. An adjustment was not made to the maternity delivery payment rate.

**Third-Party Liability Adjustment.** Milliman applied a 0.975 factor, consistent with the prior rate setting process, to reflect third-party liability recoveries expected in the managed care health plans.

**Change of the QAAP rate to reflect 5.5% for SFY 2009.** Milliman utilized a QAAP rate of 5.5% for SFY 2009. This rate differs from the blended rate of 5.625% that was used for SFY 2008.



**Administration Load.** Milliman utilized total administration loads of 11.5% for the monthly capitation and 3.0% for the maternity case rate, excluding QAAP. The administration loads have been reflected in the capitation rate prior to the inclusion of the hospital reimbursement adjustment, the Specialty Network Access Fee, and the Hospital GME adjustment. The administration loads were applied as a divisor to the base claim cost amounts.

**Adjust for Michigan Business Tax.** As of October 2008, a state business tax will be applied to the capitation rates for the for-profit managed care health plans. An adjustment factor of 1.007 is included in Enclosure 1 for these health plans. The capitation rates shown in Enclosures 3 and 4 do not reflect this adjustment. The values in Tables 4 and 5 of this letter do reflect this adjustment.

**Incentive Arrangements.** MDCH established a withhold amount of 0.19% for the SFY 2008 capitation rates. This percentage will not be changed for the SFY 2009 capitation rates. The capitation rates shown in this letter do not reflect the withhold provision. Withhold payments will be available to both private and public contractors, and will not be conditioned upon intergovernmental transfer agreements. Withhold payments will be reviewed on an annual basis, and will not be renewed automatically.

**CAPITATION RATE IMPACT**

Table 4 illustrates the estimated impact of the capitation rate update in relation to the current capitation rates. The values shown in Table 4 reflect projected April 2009 enrollment by rate cell. Table 4 illustrates the fiscal impact. Note, the low trend rates were applied to the High Managed Care capitation rates certified for SFY 2008. The high trend rates were applied to the Low Managed Care rates certified for SFY 2008.

**Table 4**

**State of Michigan  
 Department of Community Health  
 Annual Impact of Capitation Rate Increase  
 State and Federal Expenditures  
 {Dollars shown in Millions}**

**Low Trend Rates**

<b>Population</b>	<b>April 2009 Enrollment</b>	<b>SFY 2008 Expenditures</b>	<b>SFY 2009 Expenditures</b>	<b>% Increase</b>
TANF / Program L	893,776	\$1,606.6	\$1,782.7	11.0%
Blind and Disabled	136,242	1,288.0	1,359.3	5.5%
Maternity	4,017	301.7	297.9	(1.2%)
<b>Total</b>	<b>1,030,018</b>	<b>\$3,196.3</b>	<b>\$3,439.9</b>	<b>7.6%</b>

### High Trend Rates

Population	April 2009 Enrollment	SFY 2008 Expenditures	SFY 2009 Expenditures	% Increase
TANF / Program L	893,776	\$1,606.6	\$1,865.2	16.1%
Blind and Disabled	136,242	1,288.0	1,408.5	9.4%
Maternity	4,017	301.7	298.8	(0.9%)
Total	1,030,018	\$3,196.3	\$3,572.5	11.8%

Note: SFY 2009 Expenditures reflect the appropriation of the Michigan Business Tax.

Enclosure 4 provides additional detail regarding the rate increase by rate cell. Table 5 illustrates the estimated impact of the capitation rate update for federal dollars. The values shown in Table 5 represent the federal portion of the values displayed in Table 4. These amounts were calculated by multiplying the total expenditures by the appropriate Federal Medical Assistance Percentages for FY 2008 and FY 2009, 58.10% and 60.27% respectively.

**Table 5**

**State of Michigan**  
**Department of Community Health**  
**Annual Impact of Capitation Rate Increase**  
**Federal Expenditures Only**  
**{Dollars shown in Millions}**

### Low Trend Rates

Population	April 2009 Enrollment	SFY 2008 Expenditures	SFY 2009 Expenditures	% Increase
TANF / Program L	893,776	\$933.4	\$1,074.4	15.1%
Blind and Disabled	136,242	748.3	819.2	9.5%
Maternity	4,017	175.3	179.6	2.5%
Total	1,030,018	\$1,857.0	\$2,073.2	11.6%



**High Trend Rates**

Population	April 2009 Enrollment	SFY 2008 Expenditures	SFY 2009 Expenditures	% Increase
TANF / Program L	893,776	\$933.4	\$1,124.1	20.4%
Blind and Disabled	136,242	748.3	848.9	13.4%
Maternity	4,017	175.3	180.1	2.8%
Total	1,030,018	\$1,857.0	\$2,153.1	15.9%

Note: SFY 2009 Expenditures reflect the appropriation of the Michigan Business Tax.

The fiscal impact of the change in the SFY 2009 FMAP rate is an additional \$69.4 million or approximately 4.1%.



If you have any questions regarding the enclosed information, please do not hesitate to contact me at (317) 524-3512.

Sincerely,

Robert M. Damler, FSA, MAAA  
Principal and Consulting Actuary

RMD/lrb  
Enclosures



## **ENCLOSURE 1**

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Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for MDCH by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this letter must rely upon their own experts in drawing conclusions about the MDCH's capitation rates, assumptions, and trends.



**STATE OF MICHIGAN  
DEPARTMENT OF COMMUNITY HEALTH**

**Actuarially Sound Capitation Rate Ranges**

**Region: 1, 9, and 10**

**Capitation Rate: TANF / Program L**

Aid Category	FY 2009	
	Low Trend	High Trend
<b>Males</b>		
<1	\$641.84	\$679.65
1 – 4	112.85	116.81
5 – 14	70.84	72.77
15 – 20	76.82	79.34
21 – 25	129.35	135.81
26 – 44	285.57	301.01
45 +	536.97	569.24

Females	FY 2009	
	Low Trend	High Trend
< 1	\$585.28	\$597.26
1 – 4	90.83	93.49
5 – 14	61.72	63.49
15 – 20	110.03	115.85
21 – 25	208.30	221.40
26 – 44	293.68	311.37
45 +	554.18	590.57

**Capitation Rate: Blind and Disabled – Non-Dual**

FY 2009	
Low Trend	High Trend
\$871.62	\$897.52

**Capitation Rate: Aged – Non-Dual**

Adjustment Factor	FY 2009	
	Low Trend	High Trend
0.758	\$660.69	\$680.32



**Capitation Rate: Maternity Delivery Rate**

	FY 2009	
Region	Low Trend	High Trend
1	\$6,653.08	\$6,673.02
9	6,499.20	6,518.42
10	6,636.26	6,656.13

**Area Factor Relativities for the TANF / Program L Population**

Region	Area Factor
1	0.996
9	0.998
10	1.022

**Adjustment Factor for Michigan Business Tax**

	Factor
Not-for-Profit Plans	1.000
For Profit Plans	1.007



**STATE OF MICHIGAN  
DEPARTMENT OF COMMUNITY HEALTH**

**Actuarially Sound Capitation Rate Ranges**

**Region: 2 through 8**

**Capitation Rate: TANF / Program L**

Aid Category	FY 2009	
	Low Trend	High Trend
<b>Males</b>		
<1	\$618.65	\$636.64
1 – 4	107.53	111.79
5 – 14	81.96	84.67
15 – 20	91.27	96.04
21 – 25	135.53	142.82
26 – 44	313.60	339.48
45 +	559.73	586.72
<b>Females</b>		
< 1	\$557.72	\$571.65
1 – 4	91.23	94.01
5 – 14	70.44	72.84
15 – 20	145.25	155.61
21 – 25	250.71	271.06
26 – 44	343.91	361.45
45 +	595.37	630.97

**Capitation Rate: Blind and Disabled – Non-Dual**

FY 2009	
Low Trend	High Trend
\$787.42	\$821.03

**Capitation Rate: Aged – Non-Dual**

Adjustment Factor	FY 2009	
	Low Trend	High Trend
0.848	\$667.73	\$696.23

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**Capitation Rate: Maternity Delivery Rate**

Region	FY 2009	
	Low Trend	High Trend
2	\$5,907.52	\$5,925.67
3	5,872.66	5,890.64
4	5,589.28	5,605.99
5	6,085.71	6,104.66
6	6,165.88	6,185.20
7	5,851.69	5,869.57
8	5,650.34	5,667.31

**Area Factor Relativities for the TANF Population**

Region	Area Factor
2	1.029
3	0.998
4	0.986
5	0.967
6	0.998
7	1.009
8	1.045

**Adjustment Factor for Michigan Business Tax**

	Factor
Not-for-Profit Plans	1.000
For Profit Plans	1.007



## ENCLOSURE 2

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**STATE OF MICHIGAN  
DEPARTMENT OF COMMUNITY HEALTH  
Capitation Rates Effective October 1, 2008 through September 30, 2009**

**Actuarial Certification**

I, Robert M. Damler, am a Principal and Consulting Actuary with the firm of Milliman, Inc. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I was retained by the State of Michigan, Department of Community Health to perform an actuarial review and certification regarding the development of the capitation rates to be effective for state fiscal year 2009. The capitation rates developed for state fiscal year 2009 were developed as a rate update to the current capitation rates to reflect trend and policy and program changes. I have experience in the examination of financial calculations for Medicaid programs and meet the qualification standards for rendering this opinion.

I reviewed the historical claims experience for reasonableness and consistency. I have developed certain actuarial assumptions and actuarial methodologies regarding the projection of healthcare expenditures into future periods. I have complied with the elements of the rate setting checklist CMS developed for its Regional Offices regarding 42 CFR 438.6(c) for capitated Medicaid managed care plans.

The capitation rates provided with this certification are effective for the one-year rating period beginning October 1, 2008, through September 30, 2009.

The capitation rates provided with this certification are considered actuarially sound, under the following definition:

- the capitation rates have been developed in accordance with generally accepted actuarial principles and practices;
- the capitation rates are appropriate for the populations to be covered, and the services to be furnished under the contract; and,
- the capitation rates meet the requirements of 42 CFR 438.6(c).

This Opinion is intended for the State of Michigan and should not be relied on by other parties. The reader should be advised by actuaries or other professionals competent in the area of actuarial projections of the type in this Opinion, so as to properly interpret the projection results. It should be emphasized that capitation rates are a projection of future costs based on a set of assumptions. Actual costs will be dependent on each contracted health plan's situation and experience.



This actuarial certification has been based on the actuarial methods, considerations, and analyses promulgated from time to time through the Actuarial Standards of Practice by the Actuarial Standards Board.

*Robert M. Damler*  
ELECTRONIC  
SIGNATURE

Robert M. Damler, FSA  
Member, American Academy of Actuaries

July 24, 2008  
Date



## **ENCLOSURE 3**

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Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Maternity for All Populations

Fiscal Year: 2009

Low Trend Rates

Population	Projected Monthly Deliveries*	FY2008 Region Adjusted Claim Cost	MSS/ISS Carve-Out	Composite Trend to FY 2009	FY2009 Total Claim Cost	TPL Adjustment	FY2009 Region Adjusted Claim Cost
<b>Blended Rates</b>							
Region 1	1,113	\$4,252.85	(\$174.39)	\$40.94	\$4,119.40	0.975	\$4,016.41
Region 2	293	3,986.92	(275.35)	37.26	3,748.83	0.975	3,655.11
Region 3	404	3,954.47	(275.35)	36.93	3,716.05	0.975	3,623.15
Region 4	765	3,690.70	(275.35)	34.28	3,449.63	0.975	3,363.39
Region 5	164	4,152.78	(275.35)	38.92	3,916.35	0.975	3,818.44
Region 6	298	4,227.40	(275.35)	39.67	3,991.72	0.975	3,891.93
Region 7	356	3,934.95	(275.35)	36.74	3,696.34	0.975	3,603.93
Region 8	94	3,747.53	(275.35)	34.85	3,507.03	0.975	3,419.36
Region 9	285	4,109.61	(174.39)	39.50	3,974.72	0.975	3,875.35
Region 10	245	4,237.20	(174.39)	40.78	4,103.59	0.975	4,001.00

\* Projected deliveries includes current HMO enrollment plus newly enrolled FFS pregnant women

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Maternity for All Populations

Fiscal Year: 2009

Low Trend Rates

Population	FY2009 Region Adjusted Claim Cost	Admin/ Profit/ Surplus	Pre-QAAP Capitation Rate	QAAP	Hospital Reimbursement Adjustment	GME	2009 Proposed Capitation Rate
<b>Blended Rates</b>							
Region 1	\$4,016.41	\$124.22	\$4,140.63	\$240.99	\$1,783.06	\$488.39	\$6,653.08
Region 2	3,655.11	113.04	3,768.15	219.31	1,498.89	421.17	5,907.52
Region 3	3,623.15	112.06	3,735.21	217.39	1,498.89	421.17	5,872.66
Region 4	3,363.39	104.02	3,467.41	201.81	1,498.89	421.17	5,589.28
Region 5	3,818.44	118.10	3,936.54	229.11	1,498.89	421.17	6,085.71
Region 6	3,891.93	120.37	4,012.30	233.52	1,498.89	421.17	6,165.88
Region 7	3,603.93	111.46	3,715.39	216.24	1,498.89	421.17	5,851.69
Region 8	3,419.36	105.75	3,525.11	205.17	1,498.89	421.17	5,650.34
Region 9	3,875.35	119.86	3,995.21	232.53	1,783.06	488.39	6,499.20
Region 10	4,001.00	123.74	4,124.74	240.06	1,783.06	488.39	6,636.26

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Regions 1, 9, and 10

Fiscal Year: 2009

Low Trend Rates

Population	Projected April 2009 Enrollment	FY2008 Region Adjusted Claim Cost	Composite Trend to FY 2009	Pregnant Women Adjustment	FY2009 Adjusted Claim Cost	Adolescent Center	Physician Fee Increase	Non-Emer Transport	Children Fluoride Treatment	FY2009 Total Claim Cost
<b>TANF/L Male</b>										
Less than 1	10,733	\$304.41	\$313.82	1.288	\$404.45	\$0.00	\$1.96	\$1.42	\$0.00	\$407.83
1 - 4 Years	37,956	71.66	73.90	1.000	73.90	0.00	0.50	1.42	0.17	75.99
5 - 14 Years	78,040	43.11	44.47	1.000	44.47	3.01	0.22	1.42	0.00	49.13
15 - 20 Years	30,468	45.29	46.72	1.000	46.72	2.46	0.13	1.42	0.00	50.74
21 - 25 Years	1,303	79.30	81.78	1.000	81.78	0.00	0.04	1.42	0.00	83.25
26 - 44 Years	7,687	181.50	187.12	1.000	187.12	0.00	0.05	1.42	0.00	188.60
45 + Years	3,127	347.79	358.53	1.000	358.53	0.00	0.06	1.42	0.00	360.02
<b>TANF/L Female</b>										
Less than 1	10,542	\$281.11	\$289.80	1.288	\$373.52	\$0.00	\$1.89	\$1.42	\$0.00	\$376.83
1 - 4 Years	36,495	58.39	60.23	1.000	60.23	0.00	0.49	1.42	0.17	62.31
5 - 14 Years	77,320	36.53	37.70	1.000	37.70	3.01	0.22	1.42	0.00	42.36
15 - 20 Years	37,693	68.91	71.07	1.017	72.32	2.46	0.27	1.42	0.00	76.48
21 - 25 Years	15,183	127.92	131.89	1.056	139.31	0.00	0.28	1.42	0.00	141.01
26 - 44 Years	46,051	187.74	193.56	1.014	196.29	0.00	0.20	1.42	0.00	197.91
45 + Years	7,605	354.99	365.95	1.000	365.95	0.00	0.11	1.42	0.00	367.49
<b>Composite</b>	400,203	\$92.76	\$95.65	1.056	\$101.00	\$1.59	\$0.35	\$1.42	\$0.03	\$104.40
<b>Blind/Disabled</b>	64,977	\$543.55	\$563.84	1.000	\$563.84	\$0.00	\$0.08	\$3.57	\$0.00	\$567.49

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Regions 1, 9, and 10

Fiscal Year: 2009

Low Trend Rates

Population	FY2009 Total		TPL Adjustment	FY2009 Region Adjusted		Admin/ Profit/ Surplus	Pre-QAAP Capitation Rate	QAAP	Hospital		Physician Access Fee	2009 Proposed Capitation Rate
	Claim Cost	Adjustment		Claim Cost	Surplus				Reimbursement Adjustment	GME		
<b>TANF/L Male</b>												
Less than 1	\$407.83	0.975	\$397.63	\$51.67	\$449.30	\$26.15	\$130.22	\$31.60	\$4.58	\$641.84		
1 - 4 Years	75.99	0.975	74.09	9.63	83.72	4.87	17.80	1.88	4.58	112.85		
5 - 14 Years	49.13	0.975	47.90	6.22	54.12	3.15	8.21	0.78	4.58	70.84		
15 - 20 Years	50.74	0.975	49.47	6.43	55.90	3.25	11.67	1.42	4.58	76.82		
21 - 25 Years	83.25	0.975	81.17	10.55	91.72	5.34	24.73	2.98	4.58	129.35		
26 - 44 Years	188.60	0.975	183.89	23.90	207.79	12.09	52.37	8.73	4.58	285.57		
45 + Years	360.02	0.975	351.02	45.61	396.63	23.08	95.67	17.01	4.58	536.97		
<b>TANF/L Female</b>												
Less than 1	\$376.83	0.975	\$367.41	\$47.74	\$415.15	\$24.16	\$113.35	\$28.04	\$4.58	\$585.28		
1 - 4 Years	62.31	0.975	60.75	7.89	68.64	3.99	12.22	1.40	4.58	90.83		
5 - 14 Years	42.36	0.975	41.30	5.37	46.67	2.72	7.06	0.69	4.58	61.72		
15 - 20 Years	76.48	0.975	74.57	9.69	84.26	4.90	14.63	1.66	4.58	110.03		
21 - 25 Years	141.01	0.975	137.48	17.86	155.34	9.04	34.80	4.54	4.58	208.30		
26 - 44 Years	197.91	0.975	192.96	25.07	218.03	12.69	51.76	6.62	4.58	293.68		
45 + Years	367.49	0.975	358.30	46.56	404.86	23.56	105.62	15.56	4.58	554.18		
<b>Composite</b>	\$104.40	0.980	\$101.79	\$13.23	\$115.01	\$6.69	\$25.63	\$3.98	\$4.58	\$155.90		
<b>Blind/Disabled</b>	\$567.49	0.975	\$553.30	\$71.90	\$625.20	\$36.39	\$170.90	\$29.97	\$9.16	\$871.62		

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Regions 2-8

Fiscal Year: 2009

Low Trend Rates

Population	Projected April 2009 Enrollment	FY2008 Region Adjusted Claim Cost	Composite Trend to FY 2009	Pregnant Women Adjustment	FY2009 Adjusted Claim Cost	Adolescent Center	Physician Fee Increase	Non-Emer Transport	Children Fluoride Treatment	FY2009 Total Claim Cost
<b>TANF/L Male</b>										
Less than 1	16,447	\$292.40	\$301.84	1,325	\$400.48	\$0.00	\$2.13	\$1.42	\$0.00	\$404.03
1 - 4 Years	50,616	68.14	70.37	1,000	70.37	0.00	0.45	1.42	0.17	72.41
5 - 14 Years	94,216	51.69	53.40	1,000	53.40	3.01	0.16	1.42	0.00	58.00
15 - 20 Years	33,923	55.90	57.73	1,000	57.73	2.46	0.10	1.42	0.00	61.71
21 - 25 Years	3,077	85.38	88.17	1,000	88.17	0.00	0.03	1.42	0.00	89.62
26 - 44 Years	13,856	195.92	202.26	1,000	202.26	0.00	0.03	1.42	0.00	203.72
45 + Years	3,202	366.40	378.22	1,000	378.22	0.00	0.05	1.42	0.00	379.70
<b>TANF/L Female</b>										
Less than 1	15,627	\$261.92	\$270.38	1,325	\$358.80	\$0.00	\$2.11	\$1.42	\$0.00	\$362.33
1 - 4 Years	48,790	58.12	60.03	1,000	60.03	0.00	0.45	1.42	0.17	62.08
5 - 14 Years	93,095	43.40	44.84	1,000	44.84	3.01	0.16	1.42	0.00	49.43
15 - 20 Years	41,729	92.44	95.45	1,022	97.53	2.46	0.29	1.42	0.00	101.71
21 - 25 Years	21,495	158.05	163.17	1,047	170.95	0.00	0.34	1.42	0.00	172.71
26 - 44 Years	51,390	225.05	232.33	1,015	235.77	0.00	0.21	1.42	0.00	237.40
45 + Years	6,110	396.85	409.64	1,000	409.64	0.00	0.18	1.42	0.00	411.24
<b>Composite</b>	493,573	\$104.12	\$107.50	1,064	\$114.46	\$1.52	\$0.36	\$1.42	\$0.03	\$117.80
<b>Blind/Disabled</b>	71,265	\$512.20	\$532.69	1,000	\$532.69	\$0.00	\$0.12	\$3.57	\$0.00	\$536.38

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Regions 2-8

Fiscal Year: 2009

Low Trend Rates

Population	FY2009 Total Claim Cost	TPL Adjustment	FY2009 Region Adjusted Claim Cost	Admin/ Profit/ Surplus	Pre-QAAP Capitation Rate	QAAP	Hospital Reimbursement Adjustment	GME	Physician Access Fee	2009 Proposed Capitation Rate
<b>TANF/L Male</b>										
Less than 1	\$404.03	0.975	\$393.93	\$51.19	\$445.12	\$25.91	\$114.65	\$28.40	\$4.58	\$618.65
1 - 4 Years	72.41	0.975	70.60	9.17	79.77	4.64	16.83	1.71	4.58	107.53
5 - 14 Years	58.00	0.975	56.55	7.35	63.90	3.72	8.96	0.81	4.58	81.96
15 - 20 Years	61.71	0.975	60.17	7.82	67.99	3.96	13.27	1.48	4.58	91.27
21 - 25 Years	89.62	0.975	87.38	11.35	98.73	5.75	23.93	2.54	4.58	135.53
26 - 44 Years	203.72	0.975	198.63	25.81	224.44	13.06	65.28	6.34	4.58	313.70
45 + Years	379.70	0.975	370.21	48.11	418.32	24.35	96.68	15.80	4.58	559.73
<b>TANF/L Female</b>										
Less than 1	\$362.33	0.975	\$353.27	\$45.91	\$399.18	\$23.23	\$104.77	\$25.96	\$4.58	\$557.72
1 - 4 Years	62.08	0.975	60.53	7.87	68.40	3.98	12.92	1.35	4.58	91.23
5 - 14 Years	49.43	0.975	48.19	6.26	54.45	3.17	7.61	0.63	4.58	70.44
15 - 20 Years	101.71	0.975	99.17	12.89	112.06	6.52	20.24	1.84	4.58	145.25
21 - 25 Years	172.71	0.975	168.39	21.88	190.27	11.07	41.13	3.67	4.58	250.71
26 - 44 Years	237.40	0.975	231.47	30.08	261.55	15.22	55.99	6.57	4.58	343.91
45 + Years	411.24	0.975	400.96	52.10	453.06	26.37	96.11	15.24	4.58	595.37
<b>Composite</b>	\$117.80	0.975	\$114.86	\$14.93	\$129.78	\$7.55	\$27.33	\$3.94	\$4.58	\$173.18
<b>Blind/Disabled</b>	\$536.38	0.975	\$522.97	\$67.96	\$590.93	\$34.39	\$131.43	\$21.51	\$9.16	\$787.42

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Maternity for All Populations

Fiscal Year: 2009

High Trend Rates

Population	Projected Monthly Deliveries*	FY2008 Region Adjusted Claim Cost	MSS/ISS Carve-Out	Composite Trend to FY 2009	FY2009 Total Claim Cost	TPL Adjustment	FY2009 Region Adjusted Claim Cost
<b>Blended Rates</b>							
Region 1	1,113	\$4,252.85	(\$174.39)	\$59.68	\$4,138.14	0.975	\$4,034.69
Region 2	293	3,986.92	(275.35)	54.31	3,765.88	0.975	3,671.74
Region 3	404	3,954.47	(275.35)	53.84	3,732.96	0.975	3,639.63
Region 4	765	3,690.70	(275.35)	49.98	3,465.33	0.975	3,378.70
Region 5	164	4,152.78	(275.35)	56.74	3,934.17	0.975	3,835.82
Region 6	298	4,227.40	(275.35)	57.83	4,009.88	0.975	3,909.64
Region 7	356	3,934.95	(275.35)	53.55	3,713.15	0.975	3,620.32
Region 8	94	3,747.53	(275.35)	50.81	3,522.99	0.975	3,434.92
Region 9	285	4,109.61	(174.39)	57.59	3,992.80	0.975	3,892.98
Region 10	245	4,237.20	(174.39)	59.45	4,122.26	0.975	4,019.20

\* Projected deliveries includes current HMO enrollment plus newly enrolled FFS pregnant women

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Maternity for All Populations

Fiscal Year: 2009

High Trend Rates

Population	FY2009 Region Adjusted Claim Cost	Admin/ Profit/ Surplus	Pre-QAAP Capitation Rate	QAAP	Hospital Reimbursement Adjustment	GME	2009 Proposed Capitation Rate
<b>Blended Rates</b>							
Region 1	\$4,034.69	\$124.78	\$4,159.47	\$242.09	\$1,783.06	\$488.39	\$6,673.02
Region 2	3,671.74	113.56	3,785.30	220.31	1,498.89	421.17	5,925.67
Region 3	3,639.63	112.57	3,752.20	218.38	1,498.89	421.17	5,890.64
Region 4	3,378.70	104.50	3,483.20	202.73	1,498.89	421.17	5,605.99
Region 5	3,835.82	118.63	3,954.45	230.15	1,498.89	421.17	6,104.66
Region 6	3,909.64	120.92	4,030.56	234.58	1,498.89	421.17	6,185.20
Region 7	3,620.32	111.97	3,732.29	217.22	1,498.89	421.17	5,869.57
Region 8	3,434.92	106.23	3,541.15	206.10	1,498.89	421.17	5,667.31
Region 9	3,892.98	120.40	4,013.38	233.58	1,783.06	488.39	6,518.42
Region 10	4,019.20	124.31	4,143.51	241.16	1,783.06	488.39	6,656.13

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Regions 1, 9, and 10

Fiscal Year: 2009

High Trend Rates

Population	Projected April 2009 Enrollment	FY2008 Region Adjusted Claim Cost	Composite Trend to FY 2009	Pregnant Women Adjustment	FY2009 Adjusted Claim Cost	Adolescent Center	Physician Fee Increase	Non-Emer Transport	Children Fluoride Treatment	FY2009 Total Claim Cost
<b>TANF/L Male</b>										
Less than 1	10,733	\$325.66	\$339.01	1,288	\$436.88	\$0.00	\$1.96	\$1.42	\$0.00	\$440.26
1 - 4 Years	37,956	74.21	77.29	1,000	77.29	0.00	0.50	1.42	0.17	79.38
5 - 14 Years	78,040	44.26	46.12	1,000	46.12	3.01	0.22	1.42	0.00	50.78
15 - 20 Years	30,468	46.91	48.88	1,000	48.88	2.46	0.13	1.42	0.00	52.90
21 - 25 Years	1,303	83.86	87.33	1,000	87.33	0.00	0.04	1.42	0.00	88.80
26 - 44 Years	7,687	192.47	200.38	1,000	200.38	0.00	0.05	1.42	0.00	201.86
45 + Years	3,127	371.00	386.20	1,000	386.20	0.00	0.06	1.42	0.00	387.69
<b>TANF/L Female</b>										
Less than 1	10,542	\$286.05	\$297.78	1,288	\$383.80	\$0.00	\$1.89	\$1.42	\$0.00	\$387.11
1 - 4 Years	36,495	59.99	62.50	1,000	62.50	0.00	0.49	1.42	0.17	64.58
5 - 14 Years	77,320	37.64	39.23	1,000	39.23	3.01	0.22	1.42	0.00	43.89
15 - 20 Years	37,693	72.96	75.99	1,017	77.32	2.46	0.27	1.42	0.00	81.48
21 - 25 Years	15,183	136.89	142.53	1,056	150.54	0.00	0.28	1.42	0.00	152.24
26 - 44 Years	46,051	200.28	208.51	1,014	211.46	0.00	0.20	1.42	0.00	213.08
45 + Years	7,605	381.55	397.17	1,000	397.17	0.00	0.11	1.42	0.00	398.71
<b>Composite</b>	400,203	\$97.48	\$101.51	1,055	\$107.17	\$1.59	\$0.35	\$1.42	\$0.03	\$110.57
<b>Blind/Disabled</b>	64,977	\$558.64	\$586.06	1,000	\$586.06	\$0.00	\$0.08	\$3.57	\$0.00	\$589.71

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Regions 1, 9, and 10

Fiscal Year: 2009

High Trend Rates

Population	FY2009 Total		TPL Adjustment	FY2009 Region		Admin/ Profit/ Surplus	Pre-QAAP Capitation Rate	QAAP	Hospital		Physician Access Fee	2009 Proposed Capitation Rate
	Claim Cost	Adjusted Claim Cost		Adjusted Claim Cost	Reimbursement Adjustment				GME			
<b>TANF/L Male</b>												
Less than 1	\$440.26	\$429.25	0.975	\$429.25	\$55.78	\$485.03	\$28.23	\$130.22	\$31.60	\$4.58	\$679.65	
1 - 4 Years	79.38	77.40	0.975	77.40	10.06	87.46	5.09	17.80	1.88	4.58	116.81	
5 - 14 Years	50.78	49.51	0.975	49.51	6.43	55.94	3.26	8.21	0.78	4.58	72.77	
15 - 20 Years	52.90	51.58	0.975	51.58	6.70	58.28	3.39	11.67	1.42	4.58	79.34	
21 - 25 Years	88.80	86.58	0.975	86.58	11.25	97.83	5.69	24.73	2.98	4.58	135.81	
26 - 44 Years	201.86	196.81	0.975	196.81	25.57	222.38	12.94	52.37	8.73	4.58	301.01	
45 + Years	387.69	378.00	0.975	378.00	49.12	427.12	24.86	95.67	17.01	4.58	569.24	
<b>TANF/L Female</b>												
Less than 1	\$387.11	\$377.43	0.975	\$377.43	\$49.04	\$426.47	\$24.82	\$113.35	\$28.04	\$4.58	\$597.26	
1 - 4 Years	64.58	62.97	0.975	62.97	8.18	71.15	4.14	12.22	1.40	4.58	93.49	
5 - 14 Years	43.89	42.79	0.975	42.79	5.56	48.35	2.81	7.06	0.69	4.58	63.49	
15 - 20 Years	81.48	79.44	0.975	79.44	10.32	89.76	5.22	14.63	1.66	4.58	115.85	
21 - 25 Years	152.24	148.43	0.975	148.43	19.29	167.72	9.76	34.80	4.54	4.58	221.40	
26 - 44 Years	213.08	207.75	0.975	207.75	27.00	234.75	13.66	51.76	6.62	4.58	311.37	
45 + Years	398.71	388.74	0.975	388.74	50.51	439.25	25.56	105.62	15.56	4.58	590.57	
<b>Composite</b>	\$110.57	\$107.81	0.980	\$107.81	\$14.01	\$121.82	\$7.09	\$25.63	\$3.98	\$4.58	\$163.10	
<b>Blind/Disabled</b>	\$589.71	\$574.97	0.975	\$574.97	\$74.71	\$649.68	\$37.81	\$170.90	\$29.97	\$9.16	\$897.52	

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Regions 2-8

Fiscal Year: 2009

High Trend Rates

Population	Projected April 2009 Enrollment	FY2008 Region Adjusted Claim Cost	Composite Trend to FY 2009	Pregnant Women Adjustment	FY2009 Adjusted Claim Cost	Adolescent Center	Physician Fee Increase	Non-Emer Transport	Children Fluoride Treatment	FY2009 Total Claim Cost
<b>TANF/L Male</b>										
Less than 1	16,447	\$300.66	\$313.48	1,325	\$415.92	\$0.00	\$2.13	\$1.42	\$0.00	\$419.47
1 - 4 Years	50,616	70.94	74.01	1,000	74.01	0.00	0.45	1.42	0.17	76.05
5 - 14 Years	94,216	53.41	55.73	1,000	55.73	3.01	0.16	1.42	0.00	60.33
15 - 20 Years	33,923	59.25	61.82	1,000	61.82	2.46	0.10	1.42	0.00	65.80
21 - 25 Years	3,077	90.53	94.42	1,000	94.42	0.00	0.03	1.42	0.00	95.87
26 - 44 Years	13,856	215.19	224.38	1,000	224.38	0.00	0.03	1.42	0.00	225.84
45 + Years	3,202	384.98	401.38	1,000	401.38	0.00	0.05	1.42	0.00	402.86
<b>TANF/L Female</b>										
Less than 1	15,627	\$267.97	\$279.40	1,325	\$370.75	\$0.00	\$2.11	\$1.42	\$0.00	\$374.28
1 - 4 Years	48,790	59.82	62.42	1,000	62.42	0.00	0.45	1.42	0.17	64.47
5 - 14 Years	93,095	44.94	46.90	1,000	46.90	3.01	0.16	1.42	0.00	51.49
15 - 20 Years	41,729	99.86	104.16	1,022	106.43	2.46	0.29	1.42	0.00	110.61
21 - 25 Years	21,495	172.46	179.83	1,047	188.40	0.00	0.34	1.42	0.00	190.16
26 - 44 Years	51,390	237.04	247.16	1,015	250.82	0.00	0.21	1.42	0.00	252.45
45 + Years	6,110	422.19	440.17	1,000	440.17	0.00	0.18	1.42	0.00	441.77
<b>Composite</b>	493,573	\$109.40	\$114.10	1,063	\$121.35	\$1.52	\$0.36	\$1.42	\$0.03	\$124.69
<b>Blind/Disabled</b>	71,265	\$533.90	\$561.52	1,000	\$561.52	\$0.00	\$0.12	\$3.57	\$0.00	\$565.21

Michigan Department of Community Health  
Health Plan Capitation Rate Development  
Regions 2-8

Fiscal Year: 2009

High Trend Rates

Population	FY2009 Total		TPL Adjustment	FY2009 Region		Admin/ Profit/ Surplus	Pre-QAAP Capitation Rate	OAAAP	Hospital		Physician Access Fee	2009 Proposed Capitation Rate
	Claim Cost	Adjusted Claim Cost		Adjusted Claim Cost	Reimbursement Adjustment				GME			
<b>TANR/L Male</b>												
Less than 1	\$419.47	\$408.98	0.975	\$408.98	\$53.14	\$462.12	\$26.90	\$114.65	\$28.40	\$4.58	\$636.64	
1 - 4 Years	76.05	74.15	0.975	74.15	9.64	83.79	4.88	16.83	1.71	4.58	111.79	
5 - 14 Years	60.33	58.82	0.975	58.82	7.64	66.46	3.87	8.96	0.81	4.58	84.67	
15 - 20 Years	65.80	64.16	0.975	64.16	8.34	72.50	4.22	13.27	1.48	4.58	96.04	
21 - 25 Years	95.87	93.47	0.975	93.47	12.15	105.62	6.15	23.93	2.54	4.58	142.82	
26 - 44 Years	225.84	220.19	0.975	220.19	28.61	248.80	14.48	65.28	6.34	4.58	339.48	
45 + Years	402.86	392.79	0.975	392.79	51.04	443.83	25.83	96.68	15.80	4.58	586.72	
<b>TANR/L Female</b>												
Less than 1	\$374.28	\$364.92	0.975	\$364.92	\$47.42	\$412.34	\$24.00	\$104.77	\$25.96	\$4.58	\$571.65	
1 - 4 Years	64.47	62.86	0.975	62.86	8.17	71.03	4.13	12.92	1.35	4.58	94.01	
5 - 14 Years	51.49	50.20	0.975	50.20	6.52	56.72	3.30	7.61	0.63	4.58	72.84	
15 - 20 Years	110.61	107.84	0.975	107.84	14.01	121.85	7.09	20.24	1.84	4.58	155.61	
21 - 25 Years	190.16	185.41	0.975	185.41	24.09	209.50	12.19	41.13	3.67	4.58	271.06	
26 - 44 Years	252.45	246.14	0.975	246.14	31.98	278.12	16.19	55.99	6.57	4.58	361.45	
45 + Years	441.77	430.73	0.975	430.73	55.97	486.70	28.33	96.11	15.24	4.58	630.97	
<b>Composite</b>	\$124.69	\$121.57	0.975	\$121.57	\$15.80	\$137.37	\$8.00	\$27.33	\$3.94	\$4.58	\$181.20	
<b>Blind/Disabled</b>	\$565.21	\$551.08	0.975	\$551.08	\$71.61	\$622.69	\$36.24	\$131.43	\$21.51	\$9.16	\$821.03	



## ENCLOSURE 4

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Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for MDCH by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this letter must rely upon their own experts in drawing conclusions about the MDCH's capitation rates, assumptions, and trends.

Michigan Department of Community Health  
 FY 2009 Health Plan Capitation Rate Development  
 Capitation Rate Increase Summary  
 Low Trend Rates

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<u>Population</u>	Projected April 2009 <u>Enrollment</u>	Current <u>Base Cost</u>	Proposed <u>Base Cost</u>	Current <u>Expenditures</u>	Proposed <u>Expenditures</u>	Percentage Increase
<b>TANF/L - Region Group 1</b>						
<b>Males</b>						
Less than 1	10,733	\$512.21	\$641.84	\$65,971,000	\$82,666,000	25.3%
1 - 4 Years	37,956	106.30	112.85	48,417,000	51,400,000	6.2%
5 - 14 Years	78,040	65.97	70.84	61,780,000	66,340,000	7.4%
15 - 20 Years	30,468	71.73	76.82	26,226,000	28,087,000	7.1%
21 - 25 Years	1,303	122.60	129.35	1,917,000	2,023,000	5.5%
26 - 44 Years	7,687	273.05	285.57	25,187,000	26,342,000	4.6%
45 + Years	3,127	514.94	536.97	19,323,000	20,149,000	4.3%
<b>Females</b>						
Less than 1	10,542	\$465.98	\$585.28	\$58,948,000	\$74,040,000	25.6%
1 - 4 Years	36,495	85.37	90.83	37,387,000	39,778,000	6.4%
5 - 14 Years	77,320	57.17	61.72	53,045,000	57,266,000	8.0%
15 - 20 Years	37,693	102.16	110.03	46,209,000	49,768,000	7.7%
21 - 25 Years	15,183	190.02	208.30	34,621,000	37,951,000	9.6%
26 - 44 Years	46,051	277.20	293.68	153,184,000	162,291,000	5.9%
45 + Years	<u>7,605</u>	<u>530.20</u>	<u>554.18</u>	<u>48,386,000</u>	<u>50,574,000</u>	<u>4.5%</u>
<b>Composite</b>	400,203	\$141.72	\$155.90	\$680,599,000	\$748,677,000	10.0%
<b>TANF/L - Region Group 2</b>						
<b>Males</b>						
Less than 1	16,447	\$480.69	\$618.65	\$94,871,000	\$122,099,000	28.7%
1 - 4 Years	50,616	101.13	107.53	61,426,000	65,313,000	6.3%
5 - 14 Years	94,216	76.70	81.96	86,716,000	92,663,000	6.9%
15 - 20 Years	33,923	85.57	91.27	34,833,000	37,154,000	6.7%
21 - 25 Years	3,077	128.49	135.53	4,744,000	5,004,000	5.5%
26 - 44 Years	13,856	298.10	313.70	49,566,000	52,160,000	5.2%
45 + Years	3,202	536.06	559.73	20,598,000	21,507,000	4.4%
<b>Females</b>						
Less than 1	15,627	\$433.55	\$557.72	\$81,301,000	\$104,586,000	28.6%
1 - 4 Years	48,790	85.61	91.23	50,123,000	53,413,000	6.6%
5 - 14 Years	93,095	65.58	70.44	73,262,000	78,691,000	7.4%
15 - 20 Years	41,729	134.71	145.25	67,456,000	72,734,000	7.8%
21 - 25 Years	21,495	229.59	250.71	59,220,000	64,668,000	9.2%
26 - 44 Years	51,390	324.42	343.91	200,063,000	212,082,000	6.0%
45 + Years	<u>6,110</u>	<u>570.56</u>	<u>595.37</u>	<u>41,833,000</u>	<u>43,653,000</u>	<u>4.4%</u>
<b>Composite</b>	493,573	\$156.35	\$173.18	\$926,013,000	\$1,025,727,000	10.8%
<b>TANF/L - All Regions</b>	893,776	\$149.80	\$165.44	\$1,606,612,000	\$1,774,405,000	10.4%
<b>Blind/Disabled</b>						
Region Group 1	64,977	\$829.91	\$871.62	\$647,101,000	\$679,623,000	5.0%
Region Group 2	71,265	<u>749.44</u>	<u>787.42</u>	<u>640,906,000</u>	<u>673,386,000</u>	5.1%
<b>Blind/Disabled - All Regions</b>	136,242	\$787.82	\$827.58	\$1,288,007,000	\$1,353,009,000	5.0%
<b>Maternity - Blended</b>						
Region 1	1,113	\$6,680.17	\$6,653.08	\$89,220,000	\$88,859,000	(0.4%)
Region 2	293	6,067.36	5,907.52	21,333,000	20,771,000	(2.6%)
Region 3	404	6,032.80	5,872.66	29,247,000	28,471,000	(2.7%)
Region 4	765	5,751.86	5,589.28	52,802,000	51,310,000	(2.8%)
Region 5	164	6,244.01	6,085.71	12,288,000	11,977,000	(2.5%)
Region 6	298	6,323.49	6,165.88	22,613,000	22,049,000	(2.5%)
Region 7	356	6,012.01	5,851.69	25,683,000	24,998,000	(2.7%)
Region 8	94	5,812.39	5,650.34	6,556,000	6,374,000	(2.8%)
Region 9	285	6,527.61	6,499.20	22,324,000	22,227,000	(0.4%)
Region 10	245	<u>6,663.50</u>	<u>6,636.26</u>	<u>19,591,000</u>	<u>19,511,000</u>	<u>(0.4%)</u>
<b>Maternity Composite</b>	4,017	\$6,257.95	\$6,151.88	\$301,657,000	\$296,547,000	(1.7%)
<b>All Populations Composite</b>	1,030,018	\$258.59	\$277.01	\$3,196,276,000	\$3,423,961,000	7.1%

\* These values do not include the adjustment for the Michigan Business Tax

Michigan Department of Community Health  
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 High Trend Rates

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Population	Projected April 2009 <u>Enrollment</u>	Current <u>Base Cost</u>	Proposed <u>Base Cost</u>	Current <u>Expenditures</u>	Proposed <u>Expenditures</u>	Percentage Increase
<b>TANF/L - Region Group 1</b>						
<b>Males</b>						
Less than 1	10,733	\$512.21	\$679.65	\$65,971,000	\$87,536,000	32.7%
1 - 4 Years	37,956	106.30	116.81	48,417,000	53,204,000	9.9%
5 - 14 Years	78,040	65.97	72.77	61,780,000	68,148,000	10.3%
15 - 20 Years	30,468	71.73	79.34	26,226,000	29,008,000	10.6%
21 - 25 Years	1,303	122.60	135.81	1,917,000	2,124,000	10.8%
26 - 44 Years	7,687	273.05	301.01	25,187,000	27,766,000	10.2%
45 + Years	3,127	514.94	569.24	19,323,000	21,360,000	10.5%
<b>Females</b>						
Less than 1	10,542	\$465.98	\$597.26	\$58,948,000	\$75,556,000	28.2%
1 - 4 Years	36,495	85.37	93.49	37,387,000	40,943,000	9.5%
5 - 14 Years	77,320	57.17	63.49	53,045,000	58,909,000	11.1%
15 - 20 Years	37,693	102.16	115.85	46,209,000	52,401,000	13.4%
21 - 25 Years	15,183	190.02	221.40	34,621,000	40,338,000	16.5%
26 - 44 Years	46,051	277.20	311.37	153,184,000	172,067,000	12.3%
45 + Years	<u>7,605</u>	<u>530.20</u>	<u>590.57</u>	<u>48,386,000</u>	<u>53,895,000</u>	<u>11.4%</u>
<b>Composite</b>	400,203	\$141.72	\$163.10	\$680,599,000	\$783,254,000	15.1%
<b>TANF/L - Region Group 2</b>						
<b>Males</b>						
Less than 1	16,447	\$480.69	\$636.64	\$94,871,000	\$125,650,000	32.4%
1 - 4 Years	50,616	101.13	111.79	61,426,000	67,900,000	10.5%
5 - 14 Years	94,216	76.70	84.67	86,716,000	95,727,000	10.4%
15 - 20 Years	33,923	85.57	96.04	34,833,000	39,096,000	12.2%
21 - 25 Years	3,077	128.49	142.82	4,744,000	5,273,000	11.2%
26 - 44 Years	13,856	298.10	339.48	49,566,000	56,446,000	13.9%
45 + Years	3,202	536.06	586.72	20,598,000	22,544,000	9.4%
<b>Females</b>						
Less than 1	15,627	\$433.55	\$571.65	\$81,301,000	\$107,198,000	31.9%
1 - 4 Years	48,790	85.61	94.01	50,123,000	55,041,000	9.8%
5 - 14 Years	93,095	65.58	72.84	73,262,000	81,372,000	11.1%
15 - 20 Years	41,729	134.71	155.61	67,456,000	77,921,000	15.5%
21 - 25 Years	21,495	229.59	271.06	59,220,000	69,917,000	18.1%
26 - 44 Years	51,390	324.42	361.45	200,063,000	222,899,000	11.4%
45 + Years	<u>6,110</u>	<u>570.56</u>	<u>630.97</u>	<u>41,833,000</u>	<u>46,263,000</u>	<u>10.6%</u>
<b>Composite</b>	493,573	\$156.35	\$181.20	\$926,013,000	\$1,073,248,000	15.9%
<b>TANF/L - All Regions</b>	893,776	\$149.80	\$173.10	\$1,606,612,000	\$1,856,503,000	15.6%
<b>Blind/Disabled</b>						
Region Group 1	64,977	\$829.91	\$897.52	\$647,101,000	\$699,818,000	8.1%
Region Group 2	71,265	<u>749.44</u>	<u>821.03</u>	<u>640,906,000</u>	<u>702,128,000</u>	9.6%
<b>Blind/Disabled - All Regions</b>	136,242	\$787.82	\$857.51	\$1,288,007,000	\$1,401,946,000	8.8%
<b>Maternity - Blended</b>						
Region 1	1,113	\$6,680.17	\$6,673.02	\$89,220,000	\$89,125,000	(0.1%)
Region 2	293	6,067.36	5,925.67	21,333,000	20,835,000	(2.3%)
Region 3	404	6,032.80	5,890.64	29,247,000	28,558,000	(2.4%)
Region 4	765	5,751.86	5,605.99	52,802,000	51,463,000	(2.5%)
Region 5	164	6,244.01	6,104.66	12,288,000	12,014,000	(2.2%)
Region 6	298	6,323.49	6,185.20	22,613,000	22,118,000	(2.2%)
Region 7	356	6,012.01	5,869.57	25,683,000	25,075,000	(2.4%)
Region 8	94	5,812.39	5,667.31	6,556,000	6,393,000	(2.5%)
Region 9	285	6,527.61	6,518.42	22,324,000	22,293,000	(0.1%)
Region 10	<u>245</u>	<u>6,663.50</u>	<u>6,656.13</u>	<u>19,591,000</u>	<u>19,569,000</u>	<u>(0.1%)</u>
<b>Maternity Composite</b>	4,017	\$6,257.95	\$6,170.49	\$301,657,000	\$297,443,000	(1.4%)
<b>All Populations Composite</b>	1,030,018	\$258.59	\$287.69	\$3,196,276,000	\$3,555,892,000	11.3%

\* These values do not include the adjustment for the Michigan Business Tax