

Contract Manager and Location Building:
Mark Kielhorn – Lewis Cass Building, 320 S. Walnut
Contract Number# _____

**Amendment No. 2 to the Agreement Between
Michigan Department of Community Health
And**

PIHP: _____
For

Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program

1. **Period of Agreement:** This agreement shall commence on October 1, 2009 and continue through September 30, 2010.
2. **Period of Amendment:** May 1, 2010 through September 30, 2010.
3. **Program Budget and Agreement Amount:**
This amendment incorporates changes to the capitation rates for FY 10 as required by the Centers for Medicare and Medicaid Services (CMS). Requirements for actuarial soundness are specified in the Medicaid regulations for managed care. These requirements were included in the Balanced Budget Act rules for Medicaid Managed care published June 14, 2002 effective August 13, 2003.
4. **Amendment Purpose:** This amendment incorporates changes in capitation rates on May 1, 2010 as required by the CMS and MDCH Appropriations Act. Contingent upon CMS approval of these new rates, enclosed is attachment P 7.0.1 with rates for May 1, 2010 to September 30, 2010. This replaces the attachment P 7.0.1 with rates for October 1, 2009 to September 30, 2010.
5. **Original Agreement Conditions**
It is understood and agreed that all other conditions of the original agreement remain the same.
6. **Special Certification**
The individual or officer signing this amendment certifies by his or her signature that he or she is authorized to sign this amendment on behalf of the responsible governing board, official or contractor.

Signature Section

For the Michigan Department of Community Health

Mary Jane Russell, Deputy Director
Operations Administration

Date

For the CONTRACTOR:

Name (print)

Title (print)

Signature

Date

Attachment P.7.0.1

Capitation Rate for the period October 1, 2009 to April 30, 2010



Chase Center/Circle
111 Monument Circle
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Indianapolis, IN 46204-5128
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milliman.com

February 24, 2009

Mr. Michael J. Head
State of Michigan
Department of Community Health
400 S. Pine Street
P.O. Box 30479
Lansing, MI 48909-7979

**RE: MANAGED SPECIALTY SERVICES AND SUPPORTS WAIVER CAPITATION RATES
FISCAL YEAR 2009 - UPDATE**

Dear Michael:

Milliman, Inc. (Milliman) was retained by the State of Michigan, Department of Community Health (MDCH) to develop capitation rates for the Managed Specialty Services and Supports Waiver. The capitation rates for SFY 2009, October 1, 2008 through September 30, 2009 were previously approved. This letter provides the updated rates as of April 1, 2009 to exclude the 5.5% QAAP assessment and include a 6.0% Use Tax.

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's capitation rates, assumptions, and trends.

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Mr. Michael J. Head
February 24, 2009
Page 2

The actuarial certification contained within the enclosure was developed with regard to the mental health, substance abUse, and waiver (c) capitation rates for the Managed Specialty Services and Supports Waiver PIHPs that operate in the State of Michigan. The information may not be appropriate for any other purpose. It is the responsibility of any individual PIHP to establish required revenue levels appropriate for their risk, management and contractual obligations.

SUMMARY OF RESULTS

The SFY 2009 capitation rates, effective October 1, 2008, were previously approved. On April 1, 2009 the 5.5% QAAP assessment will be eliminated from the capitation rates and replaced with a 6.0% Use tax. Enclosures 1 and 2 provide a summary of the capitation rates and the rate adjustment factors. The rates shown in Enclosures 1 and 2 are within the rate range developed for SFY 2009. The capitation rates were developed on a per member per month basis and vary by benefit type and program code.

The benefit types include mental health, substance abUse, and waiver (c) services. The program code categories include the TANF populations and the Aged, Blind, and Disabled (DAB) populations. Rate adjustment factors have been developed to reflect age, gender, and geographic region for each benefit category and program code.



If you have any questions regarding the enclosed information, please 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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Offices in Principal Cities Worldwide

**State of Michigan
Department of Community Health
Base Rate Development
Rates Effective April 1, 2009**

<u>Service and Population</u>	<u>April 1, 2009 Rates</u>	
	<u>State Plan</u>	<u>1915(b)(3)</u>
TANF Mental Health	\$9.87	\$1.53
DAB Mental Health	\$135.96	\$115.75
TANF Substance Abuse	\$0.90	\$0.41
DAB Substance Abuse	\$3.24	\$1.30

<u>Service and Population</u>	<u>SFY 2009 Age / Gender Factors</u>					
	<u>0 - 17</u>	<u>18 - 25</u>	<u>26 - 39</u>	<u>40 - 49</u>	<u>50 - 64</u>	<u>65+</u>
Mental Health - TANF						
Male	1.0322	1.1058	1.2308	1.4352	0.9976	0.0011
Female	0.7172	0.9930	1.4869	2.1682	2.0001	0.0011
Mental Health - DAB						
Male	0.4612	1.0440	2.0615	2.0956	1.5912	0.4480
Female	0.3208	0.7947	1.5486	1.5495	1.0973	0.2467
Substance Abuse - TANF						
Male	0.3421	2.0595	3.7791	4.7942	5.0710	0.0064
Female	0.1742	1.7588	3.4471	5.4737	5.0160	0.0064
Substance Abuse - DAB						
Male	0.3534	1.1537	1.3869	2.3987	2.2103	0.1691
Female	0.1808	0.8368	1.6105	2.1509	1.0049	0.0223

State Fiscal Year 2009 Geographic Factors

<u>PIHP ID</u>	<u>PIHP Name</u>	<u>Mental Health</u>		<u>Substance Abuse</u>	
		<u>TANF</u>	<u>DAB</u>	<u>TANF</u>	<u>DAB</u>
174454413	Lakeshore Affiliation	0.6600	1.0211	1.1690	0.8298
174454530	CMH for Central Michigan	1.2725	0.8630	0.7852	0.6349
174454629	Access Alliance	1.5591	0.9943	1.3159	0.6543
174455653	Southeast Partnership	1.0561	1.0811	1.1517	0.7079
174456543	Southwest Alliance	1.0350	1.0233	1.1619	0.9543
174456561	Saginaw	0.5339	0.7951	1.1929	1.1232
174456580	Genesee	0.7295	0.9422	1.6109	1.2051
174456650	CMH Affiliation of Mid-Michigan	1.3178	0.9153	0.8342	0.5398
174456679	Detroit-Wayne	0.7557	0.7737	0.6545	1.3132
174456786	North Care	1.9805	1.3050	1.0725	0.6451
174456848	Lifeways	1.1320	0.8894	1.4672	0.6914
174456875	Macomb	1.0770	1.6707	1.2820	1.4155
174458252	Oakland	1.3910	1.8685	1.1890	1.0688
174458261	Thumb Alliance	1.6740	1.4908	1.2622	0.6454
174458280	CMHSA Network of West Michigan	0.7747	0.9995	0.9311	0.9656
174458360	Venture	0.8326	0.7497	1.0266	0.6301
174476116	North Country	0.8272	0.7124	1.0329	0.7152
174540039	Northern Lakes	1.5547	0.9208	1.0220	0.6755



ENCLOSURE 2

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**State of Michigan
Department of Community Health
Base Rate Development**

	<u>April 1, 2009 Rates</u>
Base Waiver C Rate:	\$4,433.77
Rate Development Base:	\$4,601.04
<u>Additive Parameter - Age</u>	
Age 18 and Younger	(\$942.29)
<u>Additive Parameter - Residential Status</u>	
Supported Independence Program	\$ 1,287.42
Private Residence with Spouse or Non-Family	718.03
Specialized Residential Home	(347.06)
Private Residence with Family or Foster Family Home	(1,421.20)
<u>Multiplicative Parameter - PIHP</u>	
Lakeshore Affiliation	1.0973
CMH for Central Michigan	0.8188
Access Alliance	1.0000
Southeast Partnership	0.8764
Southwest Alliance	0.8188
Saginaw	1.2627
Genesee	0.8764
CMH Affiliation of Mid-Michigan	1.0973
Detroit-Wayne	1.0973
North Care	1.2307
Lifeways	0.5473
Macomb	0.7977
Oakland	1.1936
Thumb Alliance	1.2627
CMHSA Network of West Michigan	0.8764
Venture	1.0000
North Country	1.1936
Northern Lakes	1.0973



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April 3, 2009

Mr. Michael J. Head
State of Michigan
Department of Community Health
400 S. Pine Street
P.O. Box 30479
Lansing, MI 48909-7979

**RE: MANAGED SPECIALTY SERVICES AND SUPPORTS WAIVER CAPITATIONS
RATES – FISCAL YEAR 2009 UPDATE**

Dear Michael:

Milliman, Inc. (Milliman) was retained by the State of Michigan, Department of Community Health (MDCH) to develop updated capitation rates for the Managed Specialty Services and Supports Waiver. The capitation rate update would be effective for the six-month period from April 1, 2009 through September 30, 2009. The updated capitation rates reflect an additional residential status component for members formerly residing in the Mount Pleasant facility for the enrollees under the 1915(c) waiver. The SFY 2009 capitation rates effective October 1, 2008 were documented and certified by Milliman in a letter dated September 18, 2008. This letter provides documentation of the updated capitation rate cells.

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 capitation rates, assumptions, and trends.

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The actuarial certification and corresponding capitation rates contained within the enclosures were developed with regard to the mental health, substance abuse, and 1915 (c) waiver capitation rates for the Managed Specialty Services and Supports Waiver PIHPs that operate in the State of Michigan. The information may not be appropriate for any other purpose. It is the responsibility of any individual PIHP to establish required revenue levels appropriate for their risk, management and contractual obligations.

SUMMARY OF RESULTS

The development and certification of the SFY 2009 capitation rates, effective October 1, 2008, was documented in our letter dated September 18, 2008. Milliman has developed updated capitation rate cells to reflect a new rate component for 1915(c) waiver members that previously resided in the Mount Pleasant facility. Members discharged from this facility have significantly higher needs than the other 1915(c) waiver enrollees. The residential status adjustment was established as \$8,127.80 per waiver member per month. This value will not be adjusted by the multiplicative PIHP factor.

Enclosure 1 illustrates the capitation rate structure for the 1915(c) waiver rates. All rate cell values are unchanged from the initial rate certification. The only modification is the addition of the new rate cell component associated with the Mount Pleasant population.

Enclosure 2 contains the actuarial certification regarding the updated capitation rates. These rates are still within the rate range previously approved. The actuarial certification indicates that the rates developed are considered to be actuarially sound as defined in 42 CFR 438.6(c). It is the PIHP's responsibility to establish actuarially sound capitation rate levels that are appropriate to their risk, management and contractual obligations.

CAPITATION RATE IMPACT

Table 1 illustrates the estimated impact of the capitation rate update in relation to the current SFY 2009 capitation rates for the 1915(c) waiver population. There are currently 59 waiver recipients that would qualify for the additional rate. It is anticipated that another 59 will be added in the next 6 months. The estimated total impact, on a State and Federal basis, would be \$4.3 million.

Table 2 provides the estimated federal expenditures for the new rate component. The federal expenditures are based on a Federal Medical Assistance Percentage (FMAP) of 60.27%.

Table 1

**STATE OF MICHIGAN
 DEPARTMENT OF COMMUNITY HEALTH
 Comparison of Projection of Capitation Rate Expenditures
 State and Federal Expenditures
 (Values in \$ Millions)**

Waiver (c) Population

Rate Range	FY 2009 Rates	FY 2009 Rates with Adjustment	Increase / Decrease	% Increase
Low Rate Range	\$394.7	\$399.0	\$4.3	1.1%
High Rate Range	\$404.2	\$408.5	\$4.3	1.1%

Note: Values have been rounded.

Table 2

**STATE OF MICHIGAN
 DEPARTMENT OF COMMUNITY HEALTH
 Comparison of Projection of Capitation Rate Expenditures
 Federal Expenditures Only
 (Values in \$ Millions)**

Waiver (c) Population

Rate Range	FY 2009 Rates	FY 2009 Rates with Adjustment	Increase / Decrease	% Increase
Low Rate Range	\$237.9	\$240.5	\$2.6	1.1%
High Rate Range	\$243.6	\$246.2	\$2.6	1.1%

Note: Values have been rounded.



Mr. Michael J. Head
April 3, 2009
Page 4



If you have any questions regarding the enclosed information, please contact me at (317) 524-3512.

Sincerely,

A handwritten signature in cursive script that reads 'Robert M. Damler'.

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

RMD/lrb
Enclosures



ENCLOSURE 1

T:\2009\MMD\MMD45\Capitation Certification Ltr - April 1, 2009 - with Mt. Pleasant v2.doc

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**State of Michigan
Department of Community Health
Base Rate Development
April 1, 2009 to September 30, 2009**

	Low Rate Range	High Rate Range
Rate Development Base:	\$4,576.69	\$4,686.73
<u>Additive Parameter - Age</u>		
Age 18 and Younger	(\$937.30)	(\$959.83)
<u>Additive Parameter - Residential Status</u>		
Supported Independence Program	\$ 1,280.60	\$ 1,311.40
Private Residence with Spouse or Non-Family	714.23	731.42
Specialized Residential Home	(345.22)	(353.52)
Private Residence with Family or Foster Family Home	(1,413.68)	(1,447.68)
<u>Additive Parameter - Mount Pleasant Adjustment</u>		
Mount Pleasant Enrollee	\$ 8,127.80	\$ 8,127.80
Non-Mount Pleasant Enrollee	-	-
<u>Multiplicative Parameter - PIHP</u>		
Lakeshore Affiliation	1.0973	1.0973
CMH for Central Michigan	0.8188	0.8188
Access Alliance	1.0000	1.0000
Southeast Partnership	0.8764	0.8764
Southwest Alliance	0.8188	0.8188
Saginaw	1.2627	1.2627
Genesee	0.8764	0.8764
CMH Affiliation of Mid-Michigan	1.0973	1.0973
Detroit-Wayne	1.0973	1.0973
North Care	1.2307	1.2307
Lifeways	0.5473	0.5473
Macomb	0.7977	0.7977
Oakland	1.1936	1.1936
Thumb Alliance	1.2627	1.2627
CMHSA Network of West Michigan	0.8764	0.8764
Venture	1.0000	1.0000
North Country	1.1936	1.1936
Northern Lakes	1.0973	1.0973

Note: The multiplicative Parameter does not apply to the Mount Pleasant adjustment.



ENCLOSURE 2

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STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
Capitation Rates Effective April 1, 2009 through September 30, 2009
Managed Specialty Services and Supports Waiver

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 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 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 relied upon the State of Michigan for a data extract of the encounter data, eligibility information, and financial reports. I have complied with the elements of the rate setting checklist CMS developed for its Regional Offices regarding 42 CFR 438.6(c) for PIHPs.

The capitation rates provided with this certification are effective for the six-month rating period beginning April 1, 2009, 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).

The capitation rates are considered to be actuarially sound for the assumptions provided in the documentation letter. It will be the PIHP's responsibility to establish actuarially sound capitation rate levels that are appropriate to their risk, management and contractual obligations.



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.

A handwritten signature in cursive script that reads 'Robert M. Damler', written over a horizontal line.

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

April 3, 2009

Date

Attachment P.7.0.1

Capitation Rate for the period May 1, 2010 to September 30, 2010



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milliman.com

April 13, 2010

Mr. Michael J. Head
Director of Mental Health and Substance Abuse Administration
State of Michigan
Department of Community Health
400 S. Pine Street
P.O. Box 30479
Lansing, MI 48909-7979

RE: SPECIALTY SERVICES AND SUPPORTS WAIVER CAPITATION RATES – PROPOSED PAID EFFECTIVE MAY 1, 2010

Dear Michael:

Milliman, Inc. (Milliman) was retained by the State of Michigan, Department of Community Health (MDCH) to develop capitation rates for the Managed Specialty Services and Supports Waiver. Capitation rates were previously developed for SFY 2010, October 1, 2009 through September 30, 2010. Due to a delay in the approval of capitation rates by CMS, the existing SFY 2009 capitation rates have been paid from the October 1, 2009 through April 30, 2010 time period. Milliman was requested by MDCH to develop capitation rates for the five month period beginning May 1, 2010, incorporating the full twelve month rate changes previously developed for the FY 2010 rates. The combination of the FY 2009 rates paid from October 1, 2009 through April 30, 2010, and the new rates effective May 1, 2010 is estimated to be budget neutral for both MDCH and each individual PIHP, relative to if the FY 2010 rates had been paid on a twelve month basis.

A separate letter documented the calculation rate methodology, illustrated an actuarially sound rate range, and provided the required certification regarding actuarial soundness. This letter documents the proposed capitation rates that will be paid by MDCH during the May 1, 2010 through September 30, 2010 rate period.

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.



Mr. Michael J. Head
April 13, 2010
Page 2

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The capitation rates contained within the enclosure were developed with regard to the mental health, substance abuse, and waiver (c) capitation rates for the Managed Specialty Services and Supports Waiver PIHPs that operate in the State of Michigan. The information may not be appropriate for any other purpose. It is the responsibility of any individual PIHP to establish required revenue levels appropriate for their risk, management and contractual obligations.

Milliman has relied upon certain data and information provided by MDCH and its vendors. The values presented in this correspondence are dependent upon this reliance. To the extent that the data was not complete or was inaccurate, the values presented will need to be reviewed for consistency and revised to meet any revised data.

EXECUTIVE SUMMARY

Enclosure 1 provides a summary of the capitation rates and the rate adjustment factors that will be used to allocate capitation revenue for the five month period beginning May 1, 2010. The capitation rates were developed on a per member per month basis and vary by benefit type and program code. The mental health and substance abuse capitation rates have been split between state plan services and 1915 (b) (3) services. The proposed base mental health state plan and (b)(3) rates for the Aged, Blind, and Disabled (DAB) populations differ between PIHPs based on historical revenue requirements to serve the enrolled beneficiaries. The waiver (c) capitation rates are paid on a per waiver (c) eligible basis. The payment formula for the waiver (c) capitation rates has been provided in Enclosure 2.

The benefit types include mental health, substance abuse, and waiver (c) services. The program code categories include the TANF populations and the DAB populations. Rate adjustment factors have been developed to reflect age, gender, and geographic region for each benefit category and population.

Table 1 illustrates a comparison of the projected expenditures under the current capitation rates paid during fiscal year 2009 and the proposed capitation rates effective May 1, 2010 for the five month rate period beginning May 1, 2010. The fiscal year 2009 rates reflect the rates effective April 1, 2009 through September 30, 2009. The proposed capitation rates are within the certified actuarially sound rate range. Milliman utilized estimated May 1, 2010 through September 30, 2010 enrollment for each of the proposed capitation rate bases. The waiver (c) expenditures have been estimated based on monthly enrollment of 7,900 members.

Table 1

**State of Michigan
 Department of Community Health
 Comparison of Projection of Capitation Rate Expenditures
 May 1, 2010 – September 30, 2010
 (Values in \$ Millions)**

Rate Category	April 2009 Rates	May 1, 2010 Rates	Increase / Decrease
<i>TANF</i>			
Mental Health	\$64.3	\$82.6	\$18.3
Substance Abuse	\$7.5	\$7.8	\$0.3
<i>DAB</i>			
Mental Health	\$540.3	\$627.8	\$87.5
Substance Abuse	\$9.6	\$10.2	\$0.6
Waiver (c)	\$180.0	\$180.7	\$0.7
Total State & Federal	\$801.7	\$909.1	\$107.4
Total Federal Only	\$506.6	\$574.5	\$67.9

Note: Values have been rounded. Federal Medical Assistance Percentage of 63.19% used for Federal only expenditures.

Table 2 illustrates the estimated capitation rate expenditures for FY 2010 under the current capitation rates paid during fiscal year 2009, and if the new rates for FY 2010 were implemented on October 1, 2009, rather than May 1, 2010. Milliman utilized estimated FY 2010 enrollment for each of the proposed capitation rate bases.

As evident when comparing Table 1 and Table 2, the change in capitation rate expenditures is estimated to be budget neutral whether the rate changes are made for the full twelve month period, or only in the five month period beginning May 1, 2010.

Table 2

State of Michigan
Department of Community Health
Comparison of Projection of Capitation Rate Expenditures
October 1, 2009 – September 30, 2010
(Values in \$ Millions)

Rate Category	April 2009 Rates	FY 2010 Revenue	Increase / Decrease
TANF			
Mental Health	\$151.2	\$169.5	\$18.3
Substance Abuse	\$17.7	\$18.0	\$0.3
DAB			
Mental Health	\$1,280.9	\$1,368.4	\$87.5
Substance Abuse	\$22.8	\$23.4	\$0.6
Waiver (c)	\$432.0	\$432.7	\$0.7
Total State & Federal	\$1,904.6	\$2,012.0	\$107.4
Total Federal Only	\$1,203.5	\$1,271.4	\$67.9

Note: Values have been rounded. Federal Medical Assistance Percentage of 63.19% used for Federal only expenditures.

Table 3 provides the overall rate change for Mental Health / Waiver (c) rates between the rates effective May 1, 2010 and rates effective beginning April 1, 2009 for the May 1, 2010 through September 30, 2010 rate period. The overall rate change is illustrated for all expenditures, and net of additional amounts included in the rates effective May 1, 2010 for the Hospital Reimbursement Adjustment and Direct Care Wage (DCW) pass-through.

Table 3

State of Michigan
Department of Community Health
Comparison of Projection of Mental Health / Waiver C Capitation Rate Expenditures
May 1, 2010 – September 30, 2010
(Values in \$ Millions)

	April 2009 Rates	May 1, 2010 Rates	% Change
Mental Health / Waiver (c) Capitation Expenditures	\$784.6	\$891.1	13.6%
(minus) HRA Add-on	0.0	31.9	NA
(minus) DCW Pass-through	2.4	2.4	0%
equals Net Capitation Expenditures	\$782.2	\$856.8	9.5%

Note: Values have been rounded.



Mr. Michael J. Head
April 13, 2010
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Additional details regarding the development of the Managed Specialty Services and Supports Waiver capitation rates are provided in the separate rate certification letter.



If you have any questions regarding the enclosed information, please contact me at (317) 524-3512.

Sincerely,

A handwritten signature in cursive script that reads 'Robert M. Damler'.

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

RMD/lrb
Enclosures



ENCLOSURE 1

State of Michigan
 Department of Community Health
 Base Rate Development
 Rebased Factors - Rates Effective May 1, 2010

4/13/2010
 3:57 PM

May 1, 2010 Rates - Paid Rates

<u>Service and Population</u>	<u>Base</u>	<u>HRA</u>	<u>Total</u>	<u>1915(b)(3)</u>
	<u>State Plan</u>	<u>State Plan</u>	<u>State Plan</u>	
TANF Mental Health	\$11.60	\$0.00	\$11.60	\$1.86
DAB Mental Health	\$135.87	\$14.08	\$149.95	\$126.93
TANF Substance Abuse	\$0.90	\$0.00	\$0.90	\$0.41
DAB Substance Abuse	\$3.24	\$0.00	\$3.24	\$1.30

SFY 2010 Age / Gender Factors

<u>Service and Population</u>	<u>0 - 17</u>	<u>18 - 25</u>	<u>26 - 39</u>	<u>40 - 49</u>	<u>50 - 64</u>	<u>65+</u>
Mental Health - TANF						
Male	1.1001	0.9436	1.1119	1.3799	2.0528	0.0516
Female	0.7374	0.9751	1.1579	1.1683	0.8683	0.0112
Mental Health - DAB						
Male	0.4390	1.0181	2.1396	2.0053	1.7888	0.5068
Female	0.2780	0.7208	1.5981	1.3052	1.2615	0.2631
Substance Abuse - TANF						
Male	0.3421	2.0595	3.7791	4.7942	5.0710	0.0064
Female	0.1742	1.7588	3.4471	5.4737	5.0160	0.0064
Substance Abuse - DAB						
Male	0.3534	1.1537	1.3869	2.3987	2.2103	0.1691
Female	0.1808	0.8368	1.6105	2.1509	1.0049	0.0223

State Fiscal Year 2010 Geographic Factors

<u>PIHP ID</u>	<u>PIHP Name</u>	<u>Mental Health</u>		<u>Substance Abuse</u>	
		<u>TANF</u>	<u>DAB</u>	<u>TANF</u>	<u>DAB</u>
174454413	Lakeshore Affiliation	0.8563	1.0137	1.1689	0.8298
174454530	CMH for Central Michigan	1.1697	1.0671	0.7851	0.6349
174454629	Access Alliance	1.2457	1.0798	1.3158	0.6543
174455653	Southeast Partnership	1.0960	0.9815	1.3170	0.8104
174456543	Southwest Alliance	0.9379	1.0096	1.1618	0.9543
174456561	Saginaw	0.9788	0.7289	1.3642	1.2859
174456580	Genesee	1.2454	0.9322	1.6108	1.2050
174456650	CMH Affiliation of Mid-Michigan	1.2135	1.0205	0.8341	0.5398
174456679	Detroit-Wayne	1.0612	0.8077	0.7485	1.5032
174456786	North Care	1.0669	1.3166	1.0724	0.6451
174456848	Lifeways	0.9107	1.1045	1.4671	0.6914
174456875	Macomb	1.1474	1.2848	1.2819	1.4154
174458252	Oakland	0.9475	1.8155	1.1889	1.0687
174458261	Thumb Alliance	1.6602	1.5262	1.2621	0.6454
174483611	CMHSA Network of West Michigan	0.8829	0.9674	0.9310	0.9656
174458360	Venture	1.4916	1.0103	1.0265	0.6301
174476116	North Country	1.4606	1.1949	1.0328	0.7152
174540039	Northern Lakes	1.7872	1.1525	1.0219	0.6755



ENCLOSURE 2

**State of Michigan
Specialty Services Waiver
Waiver C Capitation Rate Development
Rates Effective May 1, 2010**

Rate Development Base: **Paid Rates**
\$2,762.26

Residential Living Arrangement

Supported Independence Program:	\$3,621.59
Private Residence with Spouse or Non-Family	2,384.42
Specialized Residential Home	1,507.94
Private Residence with Family or Foster Home	682.03

Mount Pleasant \$8,127.80

Multiplicative Factor

Lakeshore Affiliation	1.2048
CMH for Central Michigan	0.7690
Access Alliance	0.9873
Southeast Partnership	1.1897
Southwest Alliance	0.9658
Saginaw	1.2783
Genesee	0.5881
CMH Affiliation of Mid-Michigan	1.0160
Detroit-Wayne	1.1556
North Care	1.1399
Lifeways	0.6904
Macomb	1.5367
Oakland	1.1139
Thumb Alliance	0.9059
Network 180	1.1407
Venture	0.6538
North Country	0.7276
Northern Lakes	0.6329