

HMO ACTUARIAL RATE CERTIFICATION

(FY2011 Appropriation Bill - Public Act 187 of 2010)

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*



Rick Snyder, Governor

Olga Dazzo, Director



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March 3, 2011

Mr. Richard Miles
Director, Actuarial Division
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 2011 - REVISED

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 fiscal year 2011. This letter provides the documentation of the development of the actuarially sound capitation rates. The documentation has been developed to address the items outlined in the Centers for Medicare and Medicaid Services rate setting checklist for regional offices.

This letter is a replacement to our prior certification letter dated October 1, 2010.

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

EXECUTIVE SUMMARY

Capitation rate ranges have been developed for state fiscal year 2011, beginning October 1, 2010 and ending September 30, 2011. The capitation rate ranges vary by geographic region, aid category, and age/gender. The Blind and Disabled rates will be adjusted by health plan and region using the CDPS plus Medicaid Rx diagnosis risk adjuster. The FY 2011 capitation rates were developed to comply with the CHAMPS rating system template. Enclosure 1 details the rates for each of the rating components for the different populations.

Milliman has developed low and high rates by using a different set of trend assumptions for each set of rates. Milliman has estimated a 0.5% decrease to 5.0% increase in aggregate capitation expenditures, as compared to the capitation rates effective July 2010 for the low and high rate ranges, respectively. The estimated composite rate changes reflect projected health plan enrollment as of April 2011. Based on discussions with MDCH, the contracted rates to be paid in FY 2011 will result in 0.7% rate increase on a per member per month (PMPM) basis. Table 1 illustrates the fiscal impact by population for the low, high and proposed contracted capitation rate ranges.

Table 1

**STATE OF MICHIGAN
 DEPARTMENT OF COMMUNITY HEALTH
 Annual Impact of Capitation Rate Increase
 (Dollars shown in Millions)**

Low Trend Rates

Population	Projected April 2011 Enrollment	July 2010 Rates	SFY 2011 Rates	Increase	% Increase
TANF / Program L	1,075,344	\$2,090.0	\$2,058.0	(\$32.0)	(1.5%)
Blind and Disabled	159,240	1,618.3	1,619.7	1.4	0.1%
Maternity	4,196	317.6	327.1	9.5	3.0%
Total	1,234,584	\$4,025.9	\$4,004.8	(\$21.2)	(0.5%)
Federal Only		\$2,648.7	\$2,634.7	(\$14.0)	(0.5%)

- Note 1: Values have been rounded.
- Note 2: Maternity enrollment recipients expected number of deliveries.

High Trend Rates

Population	Projected April 2011 Enrollment	July 2010 Rates	SFY 2011 Rates	Increase	% Increase
TANF / Program L	1,075,344	\$2,090.0	\$2,181.0	\$91.0	4.4%
Blind and Disabled	159,240	1,618.3	1,717.1	98.8	6.1%
Maternity	4,196	317.6	329.7	12.1	3.8%
Total	1,234,584	\$4,025.9	\$4,227.8	\$201.9	5.0%
Federal Only		\$2,648.7	\$2,781.5	\$132.8	5.0%

Contracted Rates

Population	Projected April 2011 Enrollment	July 2010 Rates	SFY 2011 Rates	Increase	% Increase
TANF / Program L	1,075,344	\$2,090.0	\$2,086.2	(\$3.8)	(0.2%)
Blind and Disabled	159,240	1,618.3	1,642.2	23.9	1.5%
Maternity	4,196	317.6	327.7	10.1	3.2%
Total	1,234,584	\$4,025.9	\$4,056.1	\$30.2	0.7%
Federal Only		\$2,648.7	\$2,668.5	\$19.8	0.7%

Note: Federal share calculated using the standard FFY 2011 FMAP of 65.79%.

Enclosure 2 contains the actuarial certification attesting to 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 its approval of the capitation rates.

CAPITATION RATE DEVELOPMENT

The capitation rates were developed based on health plan encounter claim experience from October 2007 through September 2009, the *Milliman Medicaid Cost Guidelines (Guidelines)*, and other Milliman proprietary data. The capitation rates were developed on an actuarially sound basis using health plan claim experience with adjustments for the following:

- Degree of healthcare management;
- Change in the proportion of pregnant women enrolled in managed care;
- Foster care children managed care enrollment;
- Adolescent center add-on payments;
- Non-emergency transportation;
- Children's fluoride treatment;
- Third party liability recoveries;
- Enrollment population class shift;
- Claims completion;
- Regional area factors; and
- Graduate medical education payments.



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The actuarially sound capitation rates were developed following the requirements outlined in the checklist guidelines prepared by CMS. This section of the letter follows the checklist and provides the required documentation and discussed the adjustments documented above.

AA.1. – Overview of Rate Setting Methodology

AA.1.0. – Overview of Rate Setting Methodology

MDCH contracted with Milliman to determine actuarially sound capitation rates for the TANF / Program L / Caretaker Relative populations (TANF), Blind & Disabled Non-Dual (Disabled), and the Aged Non-Dual (Aged) populations. Historically, separate rates have been developed by region group in the Detroit metropolitan area (Regions 1, 9, and 10) and the out-state area (Regions 2 through 8) for both the TANF and Disabled populations. For the TANF population FY 2011 capitation rates, rates were developed only on a statewide basis. Development of separate region group rates was maintained for the Disabled population. The actuarially sound capitation rates were developed from historical reported encounter utilization and financial information submitted by participating MCOs.

The historical experience was converted to a per member per month (PMPM) basis and stratified by region, age/gender rating cell, and category of service. The historical experience was trended forward based on projected trend rates to the mid-point of the 2011 fiscal year contract period, April 1, 2011. Minor adjustments were applied to the historical experience to reflect utilization and average cost per service that would be expected in a managed care organization. The range of adjustments was based on information contained in the *Guidelines*, as well as experience from other health plans.

Capitation rates for the Aged population were based on Disabled rates due to the limited credibility of the historical data for the population. Adjustment factors were developed for the Aged population from historical cost relationships between the Aged and Disabled populations. The adjustment factors will be applied to the Disabled rates to determine capitation rates for the Aged population. The Aged population rate will further be adjusted for each plan by the plan's Disabled CDPS risk score.

We have prepared a low and high rate range based on differing claim cost trend assumptions.

AA.1.1. – Actuarial Certification

An actuarial certification has been included in Enclosure 2 of this letter. The letter has been signed by Robert M. Damler, FSA, a Principal and Consulting Actuary in the Indianapolis office of Milliman, Inc. Mr. Damler is a Member of the American Academy of Actuaries and meets the qualification standards established by the American Academy of Actuaries. This letter should be used to supplement the Actuarial Certification by outlining a detailed description of the rate setting methodology and the applicable checklist. Enclosure 3 provides an illustration of the capitation rate calculation.

AA.1.2. – Projection of Expenditures

Table 1 provides the aggregated expected fiscal year impact of the new capitation rates. Fiscal impact summaries were developed for the low and high trend assumptions for each fiscal year along with the proposed contracted rates. Using projected April 2011 enrollment, the summaries provide the difference in total capitation expenditures on a percentage basis between the current rates and the actuarially sound rate ranges developed by Milliman. A positive percentage reflects an increase in payments from the current rates.

AA.1.3. – Procurement, Prior Approval and Rate Setting

MDCH will sign a contract with entities meeting the technical programmatic requirements of the state, and that will accept the actuarially-sound, state-determined rate.

AA.1.5. – Risk Contracts

This section is a contractual issue between MDCH and the health plans.

AA.1.6. – Limit on Payment to Other Providers

This section is a contractual issue between MDCH and the health plans.

AA.1.7. –Rate Modifications

This section is not applicable. The capitation rates have been updated to a new rate base.

AA.2. – Base Year Utilization and Cost Data**AA.2.0. – Base Year Utilization and Cost Data**

The base year data was derived from a comparable Medicaid managed care population that currently is and will continue to be enrolled in the MCOs. Under the terms of its contract with MDCH, Milliman received monthly detailed claim and eligibility files from MDCH for both the FFS and HMO Medicaid populations.

Base utilization rates were developed from health plan reported encounter data incurred from October 1, 2007 through September 30, 2009. Reported encounter claims financial information from the base experience period was used to develop the cost per service for each service category. In addition to the reported financial information, Milliman utilized information submitted by the health plans through a fee schedule survey.



For professional services, Milliman utilized fee schedule information submitted by the health plans. Milliman requested fee schedule reimbursement information from the health plans from a listing of approximately 120 CPT-4 codes. The procedure codes chosen for the survey represented the top codes by utilization within broad categories of service. Milliman used the average reimbursement rates for physician services from the fee schedule survey to develop an overall professional service category adjustment.

AA.2.1. – Medicaid Eligibles under the Contract

Milliman extracted the eligible population information from historical data. The eligible population for the TANF actuarially sound rates includes the TANF, Program L, and Caretaker Relatives populations. The Aged, Blind and Disabled population consists of only non-dual recipients within each of these eligibility categories.

AA.2.2. – Dual Eligibles

This adjustment is not applicable since dual eligible members are excluded from risk-based managed care.

AA.2.3. – Spenddown

This adjustment is not applicable since spend-down members are excluded from risk-based managed care.

AA.2.4. – State Plan Services Only

The capitation rates developed include only state plan approved services that the health plans are required to provide under the contract.

AA.2.5. – Capitated Entity Services

Milliman did not include any adjustments to the encounter data to reflect services that may be covered by the managed care organizations from the contract savings.

AA.3. – Adjustments to the Base Year Data

AA.3.1 – Benefit Differences

Milliman added adjustments to the base claim cost for each aid category for services covered in the Medicaid risk contract that were not included in the claim experience. The following claim cost adjustments were added by Milliman: executive order rate reduction, pregnant women shift, foster care children, adolescent centers, non-emergency transportation, children's fluoride treatment, and enrollment shift.

Effective July 1, 2009, an Executive Order was issued that eliminated specific services from Medicaid managed care coverage and reduced the reimbursement by 4.0% for certain professional services. Effective October 1, 2009, the Executive Order rate reduction was increased to 8.0%. The base data used in the development of the FY 2011 capitation rates reflected only the 4.0% rate cut for 3 months of the 24 month base experience period (July 2009 - September 2009). An adjustment was made to the base data to reflect the full 8.0% Executive Order rate reduction during the FY 2011 rate period. Additionally, the elimination of vision services were part of the original Executive Order, but have been reinstated at a reduced percentage of previous coverage.

Beginning in FY 2009, MDCH enacted a policy directive to increase the proportion of Medicaid-eligible pregnant women and newborns enrolled in managed care versus fee-for-service (FFS). The base experience data does not fully reflect the shift of these members from a FFS to managed care delivery system. To account for the morbidity differences between the base experience period and FY 2011 rate period due to the increased proportion of pregnant women and newborns, an adjustment was made to the base data to reflect the estimated impact of the pregnant women and newborn shift.

Effective October 1, 2010, Foster Care children will be enrolled into an HMO managed care health plan. Medicaid FFS experience for these members was collected and an adjustment for the increase in cost has been applied to the base data.

Child and adolescent health care center outreach is a service being provided under the Medicaid risk contract in the TANF population. The utilization experience is not included in the encounter data. The cost was estimated by MDCH to be \$3.35 PMPM for 5 to 14 year olds and \$2.56 PMPM for 15 to 20 year olds.

Non-emergency transportation had limited coding in the base encounter experience. Due to the lack of credibility in the data, Milliman excluded the non-emergency transportation health plan encounter experience in the development of the capitation rates. Based on amounts previously estimated and trended forward, Milliman has included \$1.42 PMPM for the TANF population and \$3.57 PMPM for the Disabled population in the capitation rates for non-emergency transportation.

Milliman has included \$0.17 PMPM for the TANF 1 to 4 year old population for children fluoride treatments.

During FY 2010, MDCH experienced an unanticipated shift of TANF members into the Disabled population. MDCH identified a shift in enrollment classification for beneficiaries receiving cash assistance from the TANF to ABAD populations beginning the second half of SFY 2009 and continuing through the first half of SFY 2010. The change in enrollment classification was due to the implementation of a new eligibility processing system by MDCH. The shift resulted in a lower overall PMPM for both populations. An adjustment was applied to the base data to reflect this shift.

AA.3.2. – Administrative Cost Allowance Calculations

In the development of the actuarially sound capitation rates, Milliman has included an administrative cost allowance of 8.9% for the non-maternity capitation rates and 2.1% for the delivery case rate. The administrative cost allowance was calculated as a percentage of the capitation rate. Therefore, the capitation rate was determined by dividing the projected managed care claim cost by one minus the administrative cost allowance (e.g., 1 minus 8.9%). In the establishment of the administrative cost allowance, we have utilized a value that is representative of Medicaid managed care organizations. We have included the administrative cost allowances as outlined in Table 2.

Table 2

**STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
Administrative Cost Allowance**

Percent of Capitation

Item	TANF	Disabled	Maternity Case Rate
Administration	7.0%	7.0%	1.0%
Profit/Contingency	0.9%	0.9%	0.8%
Surplus Contribution	1.0%	1.0%	0.3%
Total	8.9%	8.9%	2.1%

The administrative loads shown in Table 2 were applied to rate cell claim costs net of Use Tax and GME amounts.

In addition to the administrative allowance, the capitation rates reflect an adjustment of 5.98% to account for the Use Tax. Additionally, a 0.7% Michigan Business Tax is applied to the for-profit managed care plans. This was not reflected in the amounts from Table 1, but is shown as a rating component in Enclosure 1.

AA.3.3. – Special Populations' Adjustments

This adjustment is not required due to the method of the data extraction and covered populations.

AA.3.4. – Eligibility Adjustments

The base data was adjusted to reflect the exclusion of member months that would not be covered during the managed care enrollment periods.



AA.3.5. – DSH Payments

DSH payments were not included in the development of the actuarially sound capitation rates. DSH payments are paid outside of the FFS payment system.

AA.3.6. – Third Party Liability

Milliman reduced the base claim costs using a third party liability recovery rate of 1.0%. The adjustment is a reduction to the base claim costs. The adjustment has changed from the previous rates and is based on the most recent recovery experience.

AA.3.7. – Copayments

The projected health plan experience was calculated net of member co-payments.

AA.3.8. – Graduate Medical Education

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 the estimated hospital inpatient expenditures.

AA.3.9. – FQHC and RHC Reimbursement

Milliman did not adjust the encounter data in the development of the capitation rates.

AA.3.10. – Cost Trending/Inflation

In the development of the actuarially sound capitation rates, Milliman developed trend rates by population and service category to project the base period experience forward to fiscal year 2011. The trend rates were developed based on historical experience. Table 3 illustrates both the high and low trends rates applied to the base data.

Table 3

STATE OF MICHIGAN
 DEPARTMENT OF COMMUNITY HEALTH
 PMPM Annual Trend Rates

Category of Service	Category of Assistance			
	TANF/ Program L		Disabled	
	Low Trend	High Trend	Low Trend	High Trend
Inpatient Hospital	0.5%	3.0%	0.5%	3.0%
Outpatient Hospital	2.0%	4.5%	2.0%	4.5%
Pharmacy	4.5%	7.0%	4.5%	7.0%
Physician	3.5%	6.0%	3.5%	6.0%
Other Ancillary	3.5%	6.0%	3.5%	6.0%

AA.3.11. – Utilization Adjustments

Utilization and cost per service adjustments were developed for each rate group, service category, and region.

Utilization

Milliman calculated percentage adjustments to the encounter base experience data to reflect the utilization differential between the base experience and the levels targeted for the managed care environment. The sources of information included:

- State of Michigan specific policies and provider environment;
- Historical managed care experience by health plan, region, and rate cell;
- NYU Emergency Department Algorithm (ED Only); and,
- Internal research and actuarial judgment.

The managed care utilization adjustments were developed in an iterative process and did not follow a prescribed formula. The general steps followed are outlined below:

- Review the resulting adjustments for reasonableness and identify categories of services outside of the expected range; and,
- Develop specific adjustments for service categories reviewing health plan specific experience, as well as other sources of information.

Specifically for the emergency department (ED) service category, Milliman reviewed the resulting classification of claims using the NYU Center for Health and Public Service Research (CHPSR) ED Algorithm. The tool classifies ED utilization into four (4) primary categories as well as categories that are excluded from the grouping. The four categories include: Non-emergent, Emergent/Primary Care



Treatable, Emergent–Preventable/Avoidable, and Emergent–Not Preventable/Avoidable. Subsequent to the review of the experience into these defined categories, Milliman developed specific adjustments for the first three categories to reflect the target utilization levels for the managed care plans. The following illustrates the adjustments by ED classification:

- Non-emergent – 20.0% Reduction
- Emergent/Primary Care Treatable – 7.5% Reduction
- Emergent – Preventable/Avoidable – 2.5% Reduction

A 15% increase in the cost per service was applied to the ED visits eliminated. Further, 80% of the ED visits reduced were replaced with an office visit.

Additionally, Well-Child and Physical exams were increased to reflect the managed care performance targets.

AA.3.12. –Utilization and Cost Assumptions

Enrollment in the health plans is mandatory for the population covered under the program. The morbidity characteristics were developed from health plan experience and would continue to be appropriate for the populations to be covered.

AA.3.13. – Post-eligibility Treatment of Income

Milliman did not adjust the data to reflect the post-eligibility treatment of income.

AA.3.14. – Incomplete Data Adjustment

Milliman used 24 months of claims experience for the health plan population that was incurred through September 2009 and paid through February 2010 (five months of run-out). Milliman applied claim completion factors to the base experience period. The claim completion factors were developed by service category and population based on claims experience for the FFS population incurred from March 2007 through February 2009 and paid through July 2010. Separate sets of completion factors were developed for the TANF and Disabled populations. Separate completion factors were developed for the “Less than 1 year old” rate cell to reflect the slower claims completion process indicated by the FFS claims experience. Table 4 illustrates completion factors that were applied to each population and service category.

Table 4

STATE OF MICHIGAN
 DEPARTMENT OF COMMUNITY HEALTH
 Completion Factors

	Hospital Inpatient	Hospital Outpatient	Physician	Prescription Drug	Ancillary
TANF-Less than 1	1.228	1.228	1.228	1.228	1.228
TANF-All Other	1.017	1.017	1.017	1.017	1.017
Disabled	1.028	1.028	1.028	1.028	1.028

AA.4.1. and AA.4.2. – Age and Gender Rating Categories

Table 5 illustrates the age/gender rating categories used for the development of the capitation rates. The Disabled rates will be adjusted using the CDPS diagnosis risk adjustment.

Table 5

STATE OF MICHIGAN
 DEPARTMENT OF COMMUNITY HEALTH
 Rating Categories

TANF/Program L Age Range	Gender
<1	Male/Female
1-4	Male/Female
5-14	Male/Female
15-20	Male/Female
21-25	Male/Female
26-44	Male/Female
45+	Male/Female
Blind and Disabled	All Ages
Aged	All Ages
Delivery Case Rate	All Ages

AA.4.3. and AA.4.4. – Locality/Region and Eligibility Categories

MDCH has separated the counties into 10 regions. The capitation rates were developed separately for Regions 1, 9, and 10, and Regions 2 through 8 for the Disabled population. The TANF population rates were developed on a statewide basis. Regional area factors were developed for the TANF population



based on regional morbidity differences observed in the base encounter experience. The regional area factors composite to 1.0 using the projected April 2011 enrollment.

Enclosure 6 illustrates the development of the area factors. For the TANF population, Milliman utilized a blending of two different area factor calculations. First, Milliman developed morbidity adjustments by geographic region. The morbidity adjustments were developed using the encounter claim experience diagnosis code information and the CDPS plus Medicaid Rx risk adjustment tool. Milliman used MDCH derived weights for the TANF population split between adult and children. The relative risk score was calculated for each geographic region and normalized to a 1.0 value on a statewide basis. The CDPS relative weights were further modified by adjusting the relative weight for the average age / gender relative factor reflected by the age curve within the geographic region. The resulting age / gender normalized CDPS relative weight was then re-normalized to a 1.0 value within the geographic region groupings.

The second component reflected the average relative cost by geographic region. The average relative cost was developed by the following cost categories: Hospital Inpatient, Hospital Outpatient, Physician, Prescription Drugs, Other Ancillary, and Administration. The region specific average costs were compared with the statewide average and normalized to 1.0. For Prescription Drug and Administration expenditures, Milliman assumed that the average cost by geographic region was equivalent.

The average relative cost by geographic region was developed by weighting each of the individual cost components by the proportion of capitation rate attributable to each service category. Table 6 illustrates the development of the average relative cost by geographic region. Separate calculations were performed for each geographic region grouping.

Table 6

**STATE OF MICHIGAN
 DEPARTMENT OF COMMUNITY HEALTH
 Average Relative Cost by Geographic Region**

Region	Inpatient	Outpatient	Physician	Rx	Ancillary	Admin.	Total
1	1.0610	1.1675	1.0300	1.000	1.1675	1.000	1.0537
2	1.0836	0.8662	1.0100	1.000	0.8662	1.000	0.9936
3	0.9712	0.8147	1.0100	1.000	0.8147	1.000	0.9633
4	0.9462	0.7811	1.0300	1.000	0.7811	1.000	0.9595
5	0.9366	1.2171	1.0100	1.000	1.2171	1.000	1.0331
6	0.9443	1.1304	1.0300	1.000	1.1304	1.000	1.0253
7	0.9073	1.1469	1.0300	1.000	1.1469	1.000	1.0216
8	0.8432	1.1525	1.0100	1.000	1.1525	1.000	1.0037
9	1.0188	1.0939	1.0200	1.000	1.0939	1.000	1.0284
10	0.9601	1.1402	1.0300	1.000	1.1402	1.000	1.0300
Composite	0.9913	1.0378	1.0247	1.000	1.0378	1.000	1.0144



The CDPS relative risk scores by geographic region were blended with the average relative cost by geographic region using a two-thirds and one-third blend, respectively.

AA.5.0., AA.5.1., and AA.5.2. – Data Smoothing

Milliman received encounter utilization data for each of the health plans. Milliman reviewed the utilization data of each health plan for reasonableness and consistency during the base time period of October 2007 through September 2009. For each health plan, a decision was made to include or exclude the encounter data on a category of service basis. The following categories of service were used: Inpatient Hospital, Outpatient Hospital, Physician, Prescription Drugs, and Other Ancillary. If the health plan's data appeared unreasonable during the base period, Milliman excluded their experience from the encounter data. Additionally, the health plan's eligibility was removed from the eligibility base used to calculate utilization rates for the category of service.

AA.5.3. – Risk Adjustment

The Chronic Illness and Disability Payment System plus Medicaid Rx (CDPS) risk scores will be used to adjust capitation rates for the Disabled population on a regional basis. The CDPS system was used to calculate an average risk score for each health plan on a region-by-region basis. The health plan's risk scores were normalized to 1.0 for Regions 1, 9, and 10 and Regions 2 through 8. After the individual regions were normalized, the risk adjustment factors were adjusted to reflect credibility based on the number of lives in the region. Finally, the adjusted risk scores were re-normalized to 1.0 based on geographic region groupings of Regions 1, 9, and 10 and Regions 2 through 8. The CDPS risk scores will be applied to the Disabled actuarially sound capitation rates. The CDPS risk scores were developed using the July 2010 Disabled managed care enrollment with diagnosis and pharmacy information for the period of March 1, 2009 through February 28, 2010. A risk score update will occur on April 1, 2011.

AA.6.0. – Stop Loss, Reinsurance, or Risk-sharing Arrangements

MDCH does not provide any reinsurance provision.

AA.6.1. – Commercial Reinsurance

MDCH does require the health plans to maintain a minimum specific stop-loss reinsurance policy based on contractual agreements.

AA.6.2. – Simple Stop Loss Program

MDCH does not provide for any of these provisions in the terms of their contract with the managed care organizations.



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AA.6.3. – Risk Corridor Program

MDCH does not provide for any of these provisions in the terms of their contract with the managed care organizations.

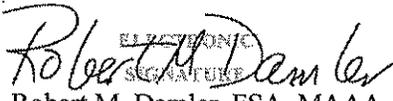
AA.7.0. – Incentive Arrangements

MDCH has established a withhold amount of 0.19%. 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.



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

Sincerely,


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

RMD/lrb
Enclosures



ENCLOSURE 1

TA\2011\MMD\MMMD68 (3.171)\MDCH Capitation Rate Documentation - FY 2011 - Add-On Adj.- Final.docx

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.



**STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH**

Actuarially Sound Capitation Rate Development

Rates for TANF / Program L Population

Rate Component	FY 2011		
	Low Trend	Contracted Rate	High Trend
Base Rate	\$154.52	\$156.70	\$164.01
GME	2.95	2.95	2.95

Rates for Aged, Blind and Disabled – Non-Dual

Rate Component	FY 2011		
	Low Trend	Contracted Rate	High Trend
Base Rate	\$820.63	\$832.40	\$871.58
GME	25.52	25.52	25.52

Rates for Maternity Case Rate

Rate Component	FY 2011		
	Low Trend	Contracted Rate	High Trend
Base Rate	\$6,106.21	\$6,118.93	\$6,158.83
GME	388.59	388.59	388.59



Area Factor Relativities for TANF / Program L Population

Region	Area Factor
1	0.9908
2	1.0428
3	0.9862
4	0.9849
5	1.0071
6	1.0107
7	0.9999
8	1.0088
9	0.9940
10	1.0370

Region Adjustments for Aged, Blind and Disabled – Non-Dual

Rate Cell	Regions 1, 9, and 10	Regions 2-8
Blind & Disabled	1.0906	0.9196
Aged	1.0924	0.9213

Area Factor Relativities for Maternity Case rate

Region	Area Factor
1	1.0426
2	1.0182
3	1.0284
4	0.9864
5	0.9653
6	0.9926
7	0.9488
8	0.8684
9	0.9807
10	0.9773



Age/Gender Factors for TANF / Program L Population

Rate Cell	Males	Females
Less than 1	3.3948	3.2074
1-4 years old	0.6819	0.5780
5-14 years old	0.4946	0.4555
15-20 years old	0.5766	0.8980
21-25 years old	0.8974	1.5447
26-44 years old	1.6941	2.0297
45 + years old	3.4694	3.3796

Adjustment Factor for Michigan Business Tax

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

Adjustment Factor for Aged – Non-Dual

	Factor
Regions 1, 9, and 10	0.758
Regions 2-8	0.848

Adjustment Factor for Withhold

	Factor
Withhold Adjustment	0.9981



Family Planning Rates

Rate Cell	Low Trend	Contracted Rate	High Trend
Females, 15-20 years old	\$4.55	\$4.58	\$4.66
Females, 21-25 years old	\$14.58	\$14.67	\$14.92
Females, 26-44 years old	\$8.73	\$8.78	\$8.93
Blind & Disabled, Regions 1,9, and 10	\$1.51	\$1.52	\$1.54
Blind & Disabled, Regions 2-8	\$1.44	\$1.45	\$1.48



ENCLOSURE 2

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**STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
Capitation Rates Effective October 1, 2010 through September 30, 2011**

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 2011. The capitation rates developed for state fiscal year 2011 were developed using a rate rebasing methodology, incorporating baseline data from state fiscal years 2008 and 2009. The rate rebasing methodology included adjustments for updated baseline experience, future and historical trend estimates, 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, 2010, through September 30, 2011.

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, Department of Community Health 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, FSA
Member, American Academy of Actuaries

March 3, 2011

Date



ENCLOSURE 3

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

Enclosure 3

3/3/2011
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Fiscal Year: 2011

Low Trend Rates

Population	Projected Monthly Deliveries	Projected FY 2011 Claim Cost	Admin/ Profit/ Surplus	Pre-Tax Capitation Rate	Use Tax	GME	2011 Proposed Capitation Rate	Current Rates	% Change
Blended Rates									
Region 1	1,160	\$5,872.77	\$125.97	\$5,998.74	\$381.54	\$388.59	\$6,768.87	\$6,816.99	(0.7%)
Region 2	299	5,728.14	122.87	5,851.01	372.14	388.59	6,611.74	6,034.71	9.6%
Region 3	384	5,788.52	124.16	5,912.68	376.07	388.59	6,677.34	5,997.64	11.3%
Region 4	731	5,539.78	118.83	5,658.61	359.91	388.59	6,407.11	5,706.33	12.3%
Region 5	157	5,415.17	116.15	5,531.32	351.81	388.59	6,271.72	6,207.30	1.0%
Region 6	314	5,576.78	119.63	5,696.41	362.31	388.59	6,447.31	6,289.16	2.5%
Region 7	393	5,317.24	114.06	5,431.30	345.45	388.59	6,165.34	5,964.36	3.4%
Region 8	110	4,842.02	103.86	4,945.88	314.58	388.59	5,649.05	5,772.52	(2.1%)
Region 9	353	5,506.21	118.11	5,624.32	357.73	388.59	6,370.64	6,650.61	(4.2%)
Region 10	296	5,486.07	117.68	5,603.75	356.42	388.59	6,348.76	6,791.42	(6.5%)

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

Enclosure 3

3/3/2011
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Fiscal Year: 2011

High Trend Rates

Population Blended Rates	Projected Monthly Deliveries	Projected FY 2011 Claim Cost	Admin/ Profit/ Surplus	Pre-Tax Capitation Rate	Use Tax	GME	2011 Proposed Capitation Rate	Current Rates	% Change
Region 1	1,160	\$5,924.34	\$127.08	\$6,051.42	\$384.89	\$388.59	\$6,824.90	\$6,816.99	0.1%
Region 2	299	5,777.91	123.94	5,901.85	375.38	388.59	6,665.82	6,034.71	10.5%
Region 3	384	5,839.04	125.25	5,964.29	379.35	388.59	6,732.23	5,997.64	12.2%
Region 4	731	5,587.22	119.85	5,707.07	362.99	388.59	6,458.65	5,706.33	13.2%
Region 5	157	5,461.05	117.15	5,578.20	354.79	388.59	6,321.58	6,207.30	1.8%
Region 6	314	5,624.68	120.65	5,745.33	365.42	388.59	6,499.34	6,289.16	3.3%
Region 7	393	5,361.91	115.02	5,476.93	348.35	388.59	6,213.87	5,964.36	4.2%
Region 8	110	4,880.79	104.70	4,985.49	317.09	388.59	5,691.17	5,772.52	(1.4%)
Region 9	353	5,553.23	119.12	5,672.35	360.78	388.59	6,421.72	6,650.61	(3.4%)
Region 10	296	5,332.84	118.68	5,651.52	359.46	388.59	6,399.57	6,791.42	(5.8%)

Fiscal Year: 2011

Low Trend Rates

Population	Projected April 2011 Enrollment	Projected FY2011 Claim Cost	Family Planning Claim Cost	Pregnant Women Shift	Foster Care Adjustment	Adolescent Center	Non-Emer Transport	Children Fluoride Treatment	TPL Adjustment	BRIDGES Adjustment	Completion Adjustment	FY2011 Region Adjusted Claim Cost
TANF/L Male												
Less than 1	24,866	\$290.15	\$0.00	1,250	1,005	\$0.00	\$1.42	\$0.00	0.990	0.990	1.228	\$440.58
1 - 4 Years	103,620	88.86	0.00	1,000	1,010	0.00	1.42	0.17	0.990	0.990	1.017	91.07
5 - 14 Years	206,595	60.63	0.00	1,000	1,018	3.35	1.42	0.00	0.990	0.990	1.017	66.30
15 - 20 Years	85,610	72.06	0.00	1,000	1,017	2.56	1.42	0.00	0.990	0.990	1.017	77.03
21 - 25 Years	6,542	118.30	0.00	1,000	1,000	0.00	1.42	0.00	0.990	0.990	1.017	119.37
26 - 44 Years	30,694	222.44	0.00	1,000	1,000	0.00	1.42	0.00	0.990	0.990	1.017	223.19
45 + Years	8,397	453.52	0.00	1,000	1,000	0.00	1.42	0.00	0.990	0.990	1.017	453.57
TANF/L Female												
Less than 1	23,808	\$271.61	\$0.00	1,250	1,013	\$0.00	\$1.42	\$0.00	0.990	0.990	1.228	\$415.49
1 - 4 Years	99,711	75.35	0.00	1,000	1,008	0.00	1.42	0.17	0.990	0.990	1.017	77.28
5 - 14 Years	204,707	55.79	0.00	1,000	1,014	3.35	1.42	0.00	0.990	0.990	1.017	61.14
15 - 20 Years	100,857	116.41	0.00	1,020	1,010	2.56	1.42	0.00	0.990	0.990	1.017	119.65
21 - 25 Years	46,822	206.35	(11.95)	1,051	1,000	0.00	1.42	0.00	0.990	0.990	1.017	205.11
26 - 44 Years	117,413	270.67	(7.14)	1,014	1,000	0.00	1.42	0.00	0.990	0.990	1.017	267.94
45 + Years	15,704	442.76	0.00	1,000	1,000	0.00	1.42	0.00	0.990	0.990	1.017	442.84
Composite	1,075,344	\$122.81	(\$1.65)	1,020	1,010	\$1.73	\$1.42	\$0.03	0.990	0.990	1.030	\$132.35
Blind/Disabled-Reg Grp 1	74,858	\$754.72	(\$1.23)	1,000	1,000	\$0.00	\$3.57	\$0.00	0.990	0.994	1.028	\$765.52
Blind/Disabled-Reg Grp 2	84,382	\$636.81	(\$1.17)	1,000	1,000	\$0.00	\$3.57	\$0.00	0.990	0.996	1.028	\$647.32

Fiscal Year: 2011

Low Trend Rates

Population	FY2011 Region Adjusted Claim Cost	Admin/ Profit/ Surplus	Pre-Tax Capitation Rate	Use Tax	Family Planning Rate	GM/E	2011 Proposed Capitation Rate	Current Rates	% Change
TANE/L Male									
Less than 1	\$440.58	\$43.04	\$483.62	\$30.76	\$0.00	\$21.62	\$536.00	\$649.31	(17.5%)
1 - 4 Years	91.07	8.90	99.97	6.36	0.00	1.22	107.55	114.11	(5.7%)
5 - 14 Years	66.30	6.48	72.78	4.63	0.00	0.60	78.01	74.98	4.0%
15 - 20 Years	77.03	7.53	84.56	5.38	0.00	1.24	91.18	85.32	6.9%
21 - 25 Years	119.37	11.66	131.03	8.33	0.00	2.63	141.99	136.31	4.2%
26 - 44 Years	223.19	21.81	245.00	15.58	0.00	5.96	266.54	309.06	(13.8%)
45 + Years	453.57	44.32	497.89	31.67	0.00	15.75	545.31	557.81	(2.2%)
TANE/L Female									
Less than 1	\$415.49	\$40.59	\$456.08	\$29.01	\$0.00	\$21.83	\$506.92	\$588.72	(13.9%)
1 - 4 Years	77.28	7.54	84.82	5.39	0.00	1.02	91.23	94.77	(3.7%)
5 - 14 Years	61.14	5.98	67.12	4.27	0.00	0.50	71.89	67.77	6.1%
15 - 20 Years	119.65	11.69	131.34	8.35	4.55	1.41	145.65	130.36	11.7%
21 - 25 Years	205.11	20.04	225.15	14.32	14.58	3.52	257.57	235.23	9.5%
26 - 44 Years	267.94	26.18	294.12	18.71	8.73	6.00	327.56	321.45	1.9%
45 + Years	442.84	43.27	486.11	30.92	0.00	13.09	530.12	579.19	(8.5%)
Composite	\$132.35	\$12.93	\$145.28	\$9.24	\$2.01	\$2.95	\$159.48	\$161.96	(1.5%)
Blind/Disabled-Reg Grp 1	\$765.52	\$74.79	\$840.31	\$53.45	\$1.51	\$30.13	\$925.40	\$897.13	3.2%
Blind/Disabled-Reg Grp 2	\$647.32	\$63.25	\$710.57	\$45.19	\$1.44	\$21.44	\$778.64	\$802.34	(3.0%)

Fiscal Year: 2011

High Trend Rates

Population TANF/L Male	Projected April 2011 Enrollment	Projected FY2011 Claim Cost	Family Planning Claim Cost	Pregnant Women Shift	Foster Care Adjustment	Adolescent Center	Non-Emer Transport	Children Fluoride Treatment	TPL Adjustment	BRIDGES Adjustment	Completion Adjustment	FY2011 Region Adjusted Claim Cost
Less than 1	24,866	\$308.31	\$0.00	1,250	1,005	\$0.00	\$1.42	\$0.00	0.990	0.990	1,228	\$468.05
1 - 4 Years	103,620	94.36	0.00	1,000	1,010	0.00	1.42	0.17	0.990	0.990	1,017	96.62
5 - 14 Years	206,595	64.37	0.00	1,000	1,018	3.35	1.42	0.00	0.990	0.990	1,017	70.10
15 - 20 Years	85,610	76.52	0.00	1,000	1,017	2.56	1.42	0.00	0.990	0.990	1,017	81.56
21 - 25 Years	6,542	125.66	0.00	1,000	1,000	0.00	1.42	0.00	0.990	0.990	1,017	126.70
26 - 44 Years	30,694	236.27	0.00	1,000	1,000	0.00	1.42	0.00	0.990	0.990	1,017	236.98
45 + Years	8,397	481.76	0.00	1,000	1,000	0.00	1.42	0.00	0.990	0.990	1,017	481.72
TANF/L Female												
Less than 1	23,808	\$288.62	\$0.00	1,250	1,013	\$0.00	\$1.42	\$0.00	0.990	0.990	1,228	\$441.41
1 - 4 Years	99,711	80.01	0.00	1,000	1,008	0.00	1.42	0.17	0.990	0.990	1,017	81.96
5 - 14 Years	204,707	59.23	0.00	1,000	1,014	3.35	1.42	0.00	0.990	0.990	1,017	64.62
15 - 20 Years	100,857	123.62	(3.72)	1,020	1,010	2.56	1.42	0.00	0.990	0.990	1,017	127.05
21 - 25 Years	46,822	219.16	(11.93)	1,051	1,000	0.00	1.42	0.00	0.990	0.990	1,017	218.53
26 - 44 Years	117,413	287.47	(7.14)	1,014	1,000	0.00	1.42	0.00	0.990	0.990	1,017	284.94
45 + Years	15,704	470.28	0.00	1,000	1,000	0.00	1.42	0.00	0.990	0.990	1,017	470.27
Composite	1,075,344	\$130.43	(\$1.65)	1,020	1,010	\$1.73	\$1.42	\$0.03	0.990	0.990	1,030	\$140.48
Blind/Disabled-Reg Grp 1	74,858	\$801.79	(\$1.23)	1,000	1,000	\$0.00	\$3.57	\$0.00	0.990	0.994	1,028	\$813.11
Blind/Disabled-Reg Grp 2	84,382	\$676.44	(\$1.17)	1,000	1,000	\$0.00	\$3.57	\$0.00	0.990	0.996	1,028	\$687.45

Michigan Department of Community Health
Health Plan Capitation Rate Development
Statewide

Enclosure 3

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Fiscal Year: 2011

High Trend Rates

Population TANF/L Male	FY2011 Region Adjusted Claim Cost	Admin/ Profit/ Surplus	Pre-Tax Capitation Rate	Use Tax	Family Planning Rate	GME	2011 Proposed		% Change
							Capitation Rate	Current Rates	
Less than 1	\$468.05	\$45.72	\$513.77	\$32.68	\$0.00	\$21.62	\$568.07	\$649.31	(12.5%)
1 - 4 Years	96.62	9.44	106.06	6.75	0.00	1.22	114.03	114.11	(0.1%)
5 - 14 Years	70.10	6.85	76.95	4.89	0.00	0.60	82.44	74.98	9.9%
15 - 20 Years	81.56	7.97	89.53	5.69	0.00	1.24	96.46	85.32	13.1%
21 - 25 Years	126.70	12.38	139.08	8.85	0.00	2.63	150.56	136.31	10.5%
26 - 44 Years	236.98	23.15	260.13	16.55	0.00	5.96	282.64	309.06	(8.5%)
45 + Years	481.72	47.06	528.78	33.63	0.00	15.75	578.16	557.81	3.6%
TANF/L Female									
Less than 1	\$441.41	\$43.12	\$484.53	\$30.82	\$0.00	\$21.83	\$537.18	\$588.72	(8.8%)
1 - 4 Years	81.96	8.01	89.97	5.72	0.00	1.02	96.71	94.77	2.1%
5 - 14 Years	64.62	6.32	70.94	4.51	0.00	0.50	75.95	67.77	12.1%
15 - 20 Years	127.05	12.41	139.46	8.87	4.66	1.41	154.39	130.36	18.4%
21 - 25 Years	218.53	21.35	239.88	15.26	14.92	3.52	273.59	235.23	16.3%
26 - 44 Years	284.94	27.83	312.77	19.89	8.93	6.00	347.59	321.45	8.1%
45 + Years	470.27	45.95	516.22	32.83	0.00	13.09	562.14	579.19	(2.9%)
Composite	\$140.48	\$13.72	\$154.20	\$9.81	\$2.06	\$2.95	\$169.01	\$161.96	4.4%
Blind/Disabled-Reg Grp 1	\$813.11	\$79.44	\$892.55	\$56.77	\$1.54	\$30.13	\$980.99	\$897.13	9.3%
Blind/Disabled-Reg Grp 2	\$687.45	\$67.16	\$754.61	\$48.00	\$1.48	\$21.44	\$825.52	\$802.34	2.9%



ENCLOSURE 4

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Population : Blind & Disabled Composite

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted PMPM	Low Trend	Trended PMPM	High Trend	Trended PMPM	
Inpatient Hospital												
Medical	1,183.6	100%	1,183.6	\$1,828.86	100%	\$1,828.86	\$180.39	0.5%	\$182.65	3.0%	\$194.22	
Surgical	410.3	100%	410.3	2,926.48	100%	2,926.48	100.05	0.5%	101.31	3.0%	107.73	
Non-Delivery Maternity	6.3	100%	6.3	1,400.02	100%	1,400.02	0.73	0.5%	0.74	3.0%	0.79	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	0.0	100%	0.0	1,212.61	100%	1,212.61	0.00	0.5%	0.00	3.0%	0.00	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	11.3	100%	11.3	1,116.67	100%	1,116.67	1.06	0.5%	1.07	3.0%	1.14	
Ungroupable Inpatient	201.4	100%	201.4	2,804.03	100%	2,804.03	47.06	0.5%	47.65	3.0%	50.67	
Subtotal	1,812.9		1,812.9			\$329.29	\$333.42				\$54.55	
Outpatient Hospital												
Emergency Room	1,313.3	95%	1,247.7	\$332.56	101%	\$335.28	\$34.69	2.0%	\$36.46	4.5%	\$38.73	
Surgery	220.3	100%	220.3	1,493.82	100%	1,493.82	27.43	2.0%	28.82	4.5%	30.62	
Pharmacy	488.5	100%	488.5	222.17	100%	222.17	9.04	2.0%	9.50	4.5%	10.10	
Supplies	1,122.0	100%	1,122.0	66.87	100%	66.87	6.25	2.0%	6.57	4.5%	6.98	
Physical Therapy	985.4	100%	985.4	46.00	100%	46.00	3.78	2.0%	3.97	4.5%	4.22	
Hemophilic Drugs	894.7	100%	894.7	102.37	100%	102.37	7.63	2.0%	8.02	4.5%	8.52	
Behavioral Health	3.1	100%	3.1	90.60	100%	90.60	0.02	2.0%	0.02	4.5%	0.03	
Other Outpatient	3,263.3	100%	3,263.3	133.50	100%	133.50	36.30	2.0%	38.15	4.5%	40.53	
Subtotal	8,290.6		8,219.1			\$125.16	\$131.51				\$139.72	
Other Ancillaries												
Prescription Drugs	47,395.4	100%	47,395.4	\$30.40	100%	\$30.40	\$120.07	4.5%	\$134.04	7.0%	\$142.20	
Transportation	2,850.8	100%	2,850.8	32.37	100%	32.37	7.69	3.5%	8.38	6.0%	8.90	
DME/Prosthetics/Orthotics	1,268.5	100%	1,268.5	77.88	100%	77.88	8.23	3.5%	8.97	6.0%	9.52	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	1,498.5	100%	1,498.5	58.58	100%	58.58	7.32	3.5%	7.97	6.0%	8.46	
Subtotal	53,013.3		53,013.3			\$143.31	\$159.36				\$169.08	
Physician												
Inpatient and Outpatient Surgery	1,552.8	100%	1,552.8	\$102.41	100%	\$102.41	\$13.25	3.5%	\$14.44	6.0%	\$15.33	
Anesthesia	416.4	100%	416.4	72.98	100%	72.98	2.53	3.5%	2.76	6.0%	2.93	
Office/Consults	5,758.0	101%	5,815.3	56.13	100%	56.13	27.20	3.5%	29.64	6.0%	31.47	
Well Baby Exams/Physical Exams	323.5	100%	323.5	83.86	100%	83.86	2.26	3.5%	2.46	6.0%	2.62	
Hospital Inpatient Visits	2,937.9	100%	2,937.9	44.41	100%	44.41	10.87	3.5%	11.85	6.0%	12.58	
Emergency Room Visits	1,398.0	95%	1,321.9	64.15	101%	64.68	7.12	3.5%	7.76	6.0%	8.24	
Radiology	4,935.5	100%	4,935.5	46.53	100%	46.53	19.14	3.5%	20.86	6.0%	22.14	
Pathology	6,907.2	100%	6,907.2	25.05	100%	25.05	14.42	3.5%	15.72	6.0%	16.66	
Outpatient Psychiatric	112.8	100%	112.8	114.00	100%	114.00	1.07	3.5%	1.17	6.0%	1.24	
Maternity	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	7,114.3	100%	7,114.3	36.78	100%	36.78	21.81	3.5%	23.77	6.0%	25.23	
Subtotal	31,456.4		31,437.4			\$119.68	\$130.43				\$138.45	
Total Claims/Benefit Cost												
							\$717.43		\$754.72		\$801.79	

Population : Blind & Disabled Composite

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted PMPM	Low Trend	Trended PMPM	High Trend	Trended PMPM	
Inpatient Hospital												
Medical	821.1	100%	821.1	\$1,678.49	100%	\$1,678.49	\$114.85	0.5%	\$116.29	3.0%	\$123.66	
Surgical	313.4	100%	313.4	3,229.78	100%	3,229.78	84.36	0.5%	85.42	3.0%	90.83	
Non-Delivery Maternity	5.4	100%	5.4	1,201.86	100%	1,201.86	0.55	0.5%	0.55	3.0%	0.58	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	0.0	100%	0.0	1,095.64	100%	1,095.64	0.00	0.5%	0.00	3.0%	0.00	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	9.3	100%	9.3	1,235.86	100%	1,235.86	0.96	0.5%	0.97	3.0%	1.03	
Ungroupable Inpatient	138.5	100%	138.5	2,896.01	100%	2,896.01	33.83	0.5%	33.83	3.0%	35.92	
Subtotal	1,287.8		1,287.8				\$234.14		\$237.08		\$252.10	
Outpatient Hospital												
Emergency Room	1,711.6	94%	1,606.0	\$284.04	101%	\$286.67	\$38.37	2.0%	\$40.31	4.5%	\$42.83	
Surgery	282.2	100%	282.2	1,167.84	100%	1,167.84	27.47	2.0%	28.86	4.5%	30.66	
Pharmacy	306.4	100%	306.4	171.04	100%	171.04	4.37	2.0%	4.59	4.5%	4.88	
Supplies	1,065.0	100%	1,065.0	11.47	100%	11.47	1.02	2.0%	1.07	4.5%	1.14	
Physical Therapy	1,421.7	100%	1,421.7	35.98	100%	35.98	4.26	2.0%	4.48	4.5%	4.76	
Hemophilic Drugs	591.5	100%	591.5	107.79	100%	107.79	5.31	2.0%	5.58	4.5%	5.93	
Behavioral Health	2.3	100%	2.3	86.65	100%	86.65	0.02	2.0%	0.02	4.5%	0.02	
Other Outpatient	3,053.4	100%	3,053.4	102.31	100%	102.31	22.81	2.0%	22.23	4.5%	23.05	
Subtotal	8,434.2		8,328.6				\$108.63		\$114.14		\$121.26	
Other Ancillaries												
Prescription Drugs	36,623.8	100%	36,623.8	\$37.53	100%	\$37.53	\$114.54	4.5%	\$127.86	7.0%	\$135.65	
Transportation	4,067.2	100%	4,067.2	22.05	100%	22.05	7.47	3.5%	8.15	6.0%	8.65	
DME/Prosthetics/Oρθotics	1,870.4	100%	1,870.4	73.25	100%	73.25	11.42	3.5%	12.44	6.0%	13.21	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	2,067.1	100%	2,067.1	55.96	100%	55.96	9.64	3.5%	10.51	6.0%	11.15	
Subtotal	44,628.6		44,628.6				\$143.07		\$158.96		\$168.66	
Physician												
Inpatient and Outpatient Surgery	1,242.1	100%	1,242.1	\$128.81	100%	\$128.81	\$13.33	3.5%	\$14.53	6.0%	\$15.42	
Anesthesia	303.5	100%	303.5	85.98	100%	85.98	2.17	3.5%	2.37	6.0%	2.52	
Office/Consults	5,532.1	102%	5,616.6	48.46	100%	48.46	22.68	3.5%	24.72	6.0%	26.24	
Well Baby Exams/Physical Exams	309.4	100%	309.4	85.98	100%	85.98	2.22	3.5%	2.42	6.0%	2.56	
Hospital Inpatient Visits	1,850.3	100%	1,850.3	48.75	100%	48.75	7.52	3.5%	8.19	6.0%	8.70	
Emergency Room Visits	1,482.3	94%	1,390.8	57.14	101%	57.67	7.28	3.5%	7.28	6.0%	7.73	
Radiology	4,912.0	100%	4,912.0	46.92	100%	46.92	19.21	3.5%	20.93	6.0%	22.22	
Pathology	8,467.1	100%	8,467.1	14.53	100%	14.53	10.25	3.5%	11.17	6.0%	11.86	
Outpatient Psychiatric	393.0	100%	393.0	93.05	100%	93.05	3.32	3.5%	3.32	6.0%	3.53	
Maternity	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	8,478.4	100%	8,478.4	41.16	100%	41.16	29.08	3.5%	31.62	6.0%	33.64	
Subtotal	32,970.4		32,963.4				\$116.20		\$126.63		\$134.42	
Total Claims/Benefit Cost							\$602.04		\$636.81		\$676.44	

Population : TIANF Composite

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted PMPM	Low Trend	Trended PMPM	High Trend	Trended PMPM	
Inpatient Hospital												
Medical	111.2	100%	111.2	\$1,775.59	100%	\$1,775.59	\$16.45	0.5%	\$16.65	3.0%	\$17.71	
Surgical	28.2	100%	28.2	3,598.30	100%	3,598.30	8.47	0.5%	8.57	3.0%	9.12	
Non-Delivery Maternity	8.2	100%	8.2	1,284.05	100%	1,284.05	0.87	0.5%	0.89	3.0%	0.94	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	33.0	100%	33.0	815.24	100%	815.24	2.24	0.5%	2.27	3.0%	2.41	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	0.5	100%	0.5	1,622.28	100%	1,622.28	0.07	0.5%	0.07	3.0%	0.07	
Ungroupable Inpatient	7.7	100%	7.7	3,357.23	100%	3,357.23	2.17	0.5%	2.20	3.0%	2.34	
Subtotal	188.8		188.8				\$30.27		\$30.65		\$32.59	
Outpatient Hospital												
Emergency Room	894.6	93%	832.8	\$198.29	101%	\$200.34	\$13.90	2.0%	\$14.61	4.5%	\$15.52	
Surgery	94.4	100%	94.4	1,076.35	100%	1,076.35	8.47	2.0%	8.90	4.5%	9.46	
Pharmacy	27.0	100%	27.0	153.43	100%	153.43	0.35	2.0%	0.36	4.5%	0.39	
Supplies	33.9	100%	33.9	18.92	100%	18.92	0.05	2.0%	0.06	4.5%	0.06	
Physical Therapy	246.0	100%	246.0	29.25	100%	29.25	0.60	2.0%	0.63	4.5%	0.67	
Hemophilic Drugs	67.4	100%	67.4	70.00	100%	70.00	0.41	2.0%	0.41	4.5%	0.44	
Behavioral Health	1.7	100%	1.7	82.08	100%	82.08	0.01	2.0%	0.01	4.5%	0.01	
Other Outpatient	602.4	100%	602.4	57.37	100%	57.37	2.88	2.0%	3.03	4.5%	3.21	
Subtotal	1,967.3		1,905.5				\$26.66		\$28.01		\$29.76	
Other Ancillaries												
Prescription Drugs	7,526.6	100%	7,526.6	\$24.87	100%	\$24.87	\$15.60	4.5%	\$17.41	7.0%	\$18.48	
Transportation	545.3	100%	545.3	20.43	100%	20.43	0.93	3.5%	1.01	6.0%	1.07	
DME/Prosthetics/Orthotics	127.8	100%	127.8	67.39	100%	67.39	0.72	3.5%	0.78	6.0%	0.83	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	160.5	100%	160.5	29.33	100%	29.33	0.39	3.5%	0.43	6.0%	0.45	
Subtotal	8,360.1		8,360.1				\$17.64		\$19.64		\$20.85	
Physician												
Inpatient and Outpatient Surgery	356.4	100%	356.4	\$104.70	100%	\$104.70	\$3.11	3.5%	\$3.39	6.0%	\$3.60	
Anesthesia	142.8	100%	142.8	84.05	100%	84.05	1.00	3.5%	1.09	6.0%	1.16	
Office/Consults	2,892.1	101%	2,918.2	41.66	100%	41.66	10.13	3.5%	11.04	6.0%	11.72	
Well Baby Exams/Physical Exams	756.2	108%	814.6	85.23	100%	85.23	5.79	3.5%	6.31	6.0%	6.69	
Hospital Inpatient Visits	208.4	100%	208.4	53.20	100%	53.20	0.92	3.5%	1.01	6.0%	1.07	
Emergency Room Visits	752.4	93%	700.5	52.17	101%	52.17	3.08	3.5%	3.35	6.0%	3.56	
Radiology	1,371.3	100%	1,371.3	36.76	100%	36.76	4.20	3.5%	4.58	6.0%	4.86	
Pathology	2,892.3	100%	2,892.3	18.14	100%	18.14	4.37	3.5%	4.77	6.0%	5.06	
Outpatient Psychiatric	132.8	100%	132.8	102.59	100%	102.59	1.14	3.5%	1.24	6.0%	1.31	
Maternity	0.0	100%	0.0	280.26	100%	280.26	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	4,041.2	100%	4,041.2	16.12	100%	16.12	5.45	3.5%	5.94	6.0%	6.31	
Subtotal	13,546.0		13,578.7				\$39.19		\$42.71		\$45.34	
Total Claims/Benefit Cost												
				\$113.76			\$113.76		\$121.01		\$128.52	

Population: TANF/Prog L < 1 Male

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted PMPM	Low Trend	Trended PMPM	High Trend	Trended PMPM	
Inpatient Hospital												
Medical	871.9	100%	871.9	\$1,488.26	100%	\$1,488.26	\$108.14	0.5%	\$109.50	3.0%	\$116.43	
Surgical	37.4	100%	37.4	3,145.76	100%	3,145.76	9.80	0.5%	9.92	3.0%	10.55	
Non-Delivery Maternity	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	544.8	100%	544.8	811.90	100%	811.90	36.86	0.5%	37.33	3.0%	39.69	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	0.3	100%	0.3	1,060.49	100%	1,060.49	0.02	0.5%	0.02	3.0%	0.02	
Ungroupable Inpatient	14.3	100%	14.3	2,720.57	100%	2,720.57	3.28	0.5%	3.28	3.0%	3.32	
Subtotal	1,468.7		1,468.7				\$158.96		\$160.05		\$170.19	
Outpatient Hospital												
Emergency Room	1,446.4	92%	1,331.3	\$151.10	101%	\$152.90	\$16.96	2.0%	\$17.82	4.5%	\$18.94	
Surgery	72.8	100%	72.8	1,086.43	100%	1,086.43	6.93	2.0%	6.93	4.5%	7.36	
Pharmacy	28.1	100%	28.1	151.39	100%	151.39	0.35	2.0%	0.37	4.5%	0.40	
Supplies	12.6	100%	12.6	8.45	100%	8.45	0.01	2.0%	0.01	4.5%	0.01	
Physical Therapy	185.4	100%	185.4	35.63	100%	35.63	0.55	2.0%	0.58	4.5%	0.61	
Hemophilic Drugs	193.3	100%	193.3	64.44	100%	64.44	1.04	2.0%	1.09	4.5%	1.16	
Behavioral Health	4.5	100%	4.5	48.10	100%	48.10	0.02	2.0%	0.02	4.5%	0.02	
Other Outpatient	1,407.6	100%	1,407.6	37.92	100%	37.92	4.43	2.0%	4.67	4.5%	4.96	
Subtotal	3,350.6		3,235.6				\$29.97		\$31.49		\$33.46	
Other Ancillaries												
Prescription Drugs	6,471.6	100%	6,471.6	\$26.77	100%	\$26.77	\$14.43	4.5%	\$16.11	7.0%	\$17.09	
Transportation	1,119.5	100%	1,119.5	14.62	100%	14.62	1.36	3.5%	1.49	6.0%	1.58	
DME/Prosthetics/Orthotics	307.3	100%	307.3	85.26	100%	85.26	2.18	3.5%	2.38	6.0%	2.53	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	276.9	100%	276.9	13.32	100%	13.32	0.31	3.5%	0.34	6.0%	0.36	
Subtotal	8,175.2		8,175.2				\$18.29		\$20.32		\$21.55	
Physician												
Inpatient and Outpatient Surgery	457.0	100%	457.0	\$79.76	100%	\$79.76	\$3.04	3.5%	\$3.31	6.0%	\$3.51	
Anesthesia	96.2	100%	96.2	67.00	100%	67.00	0.54	3.5%	0.59	6.0%	0.62	
Office/Consults	5,282.3	102%	5,374.4	31.45	100%	31.45	14.08	3.5%	15.35	6.0%	16.29	
Well Baby Exams/Physical Exams	3,974.0	110%	4,371.4	75.23	100%	75.23	27.40	3.5%	29.87	6.0%	31.70	
Hospital Inpatient Visits	1,049.6	100%	1,049.6	54.20	100%	54.20	4.74	3.5%	5.17	6.0%	5.48	
Emergency Room Visits	1,279.0	92%	1,177.2	48.77	101%	49.36	4.28	3.5%	5.28	6.0%	5.60	
Radiology	1,167.1	100%	1,167.1	17.87	100%	17.87	1.74	3.5%	1.89	6.0%	2.01	
Pathology	1,477.5	100%	1,477.5	10.38	100%	10.38	1.28	3.5%	1.39	6.0%	1.48	
Outpatient Psychiatric	0.3	100%	0.3	85.48	100%	85.48	0.00	3.5%	0.00	6.0%	0.00	
Maternity	0.1	100%	0.1	384.71	100%	384.71	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	17,052.8	100%	17,052.8	9.97	100%	9.97	14.17	3.5%	15.44	6.0%	16.32	
Subtotal	31,835.9		32,223.6				\$71.84		\$78.29		\$83.10	
Total Claims/Benefit Cost									\$290.15		\$308.31	

Population : TIANF/Prog L.1 - 4 Male

Type of Service	Base Util Rate/Per.1,000	Managed Care Adjustment	Adjusted Util Rate/Per.1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted PMPM	Low Trend	Trended PMPM	High Trend	Trended PMPM	
Inpatient Hospital												
Medical	53.7	100%	53.7	\$2,283.17	100%	\$2,283.17	\$10.22	0.5%	\$10.35	3.0%	\$11.00	
Surgical	8.8	100%	8.8	3,558.80	100%	3,558.80	2.61	0.5%	2.64	3.0%	2.81	
Non-Delivery Maternity	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	0.1	100%	0.1	4,354.31	100%	4,354.31	0.02	0.5%	0.02	3.0%	0.02	
Ungroupable Inpatient	2.1	100%	2.1	3,603.37	100%	3,603.37	0.64	0.5%	0.64	3.0%	0.68	
Subtotal	64.7		64.7				\$13.48		\$13.65		\$14.52	
Outpatient Hospital												
Emergency Room	998.7	95%	931.7	\$149.29	101%	\$150.79	\$11.71	2.0%	\$12.30	4.5%	\$13.07	
Surgery	95.1	100%	95.1	1,140.47	100%	1,140.47	9.04	2.0%	9.50	4.5%	10.09	
Pharmacy	13.8	100%	13.8	110.51	100%	110.51	0.13	2.0%	0.13	4.5%	0.14	
Supplies	7.7	100%	7.7	6.14	100%	6.14	0.00	2.0%	0.00	4.5%	0.00	
Physical Therapy	32.8	100%	32.8	38.51	100%	38.51	0.11	2.0%	0.11	4.5%	0.12	
Homeopathic Drugs	47.0	100%	47.0	27.28	100%	27.28	0.11	2.0%	0.11	4.5%	0.12	
Behavioral Health	1.7	100%	1.7	65.36	100%	65.36	0.01	2.0%	0.01	4.5%	0.01	
Other Outpatient	581.3	100%	581.3	46.26	100%	46.26	2.24	2.0%	2.31	4.5%	2.50	
Subtotal	1,778.1		1,711.1				\$23.34		\$24.53		\$26.06	
Other Ancillaries												
Prescription Drugs	5,197.4	100%	5,197.4	\$24.95	100%	\$24.95	\$10.80	4.5%	\$12.06	7.0%	\$12.80	
Transportation	447.4	100%	447.4	18.18	100%	18.18	0.68	3.5%	0.74	6.0%	0.78	
DME/Prosthetics/Orthotics	100.3	100%	100.3	71.00	100%	71.00	0.59	3.5%	0.65	6.0%	0.69	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	122.3	100%	122.3	19.74	100%	19.74	0.20	3.5%	0.22	6.0%	0.23	
Subtotal	5,867.4		5,867.4				\$12.28		\$13.67		\$14.50	
Physician												
Inpatient and Outpatient Surgery	229.8	100%	229.8	\$108.89	100%	\$108.89	\$2.09	3.5%	\$2.27	6.0%	\$2.41	
Anesthesia	112.4	100%	112.4	77.58	100%	77.58	0.73	3.5%	0.79	6.0%	0.84	
Office/Consults	3,070.0	102%	3,123.6	43.20	100%	43.20	11.24	3.5%	12.25	6.0%	13.01	
Well Baby Exams/Physical Exams	991.7	110%	1,090.8	97.88	100%	97.88	8.90	3.5%	9.70	6.0%	10.29	
Hospital Inpatient Visits	97.2	100%	97.2	68.50	100%	68.50	0.55	3.5%	0.60	6.0%	0.64	
Emergency Room Visits	851.4	93%	794.3	58.74	101%	59.33	3.93	3.5%	4.28	6.0%	4.54	
Radiology	540.8	100%	540.8	20.00	100%	20.00	1.59	3.5%	1.74	6.0%	1.84	
Pathology	1,447.0	100%	1,447.0	13.23	100%	13.23	0.22	3.5%	0.24	6.0%	0.25	
Outpatient Psychiatric	21.3	100%	21.3	124.17	100%	124.17	0.00	3.5%	0.00	6.0%	0.00	
Maternity	0.0	100%	0.0	1,566.27	100%	1,566.27	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	4,387.5	100%	4,387.5	10.42	100%	10.42	3.81	3.5%	4.13	6.0%	4.41	
Subtotal	11,749.0		11,844.6				\$83.07		\$88.86		\$94.36	
Total Claims/Benefit Cost												

Enclosure 4

Michigan Department of Community Health
Cost Model Projections: 2011 Fiscal Year
Statewide

Population: TANF / Prog L 5 - 14 Male

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted EMPM	Low Trend	Trended EMPM	High Trend	Trended EMPM	
Inpatient Hospital												
Medical	19.0	100%	19.0	\$2,158.16	100%	\$2,158.16	\$3.42	0.5%	\$3.46	3.0%	\$3.68	
Surgical	9.1	100%	9.1	3,345.70	100%	3,345.70	2.55	0.5%	2.58	3.0%	2.74	
Non-Delivery Maternity	-	100%	-	0.00	100%	0.00	0.00	0.0%	0.00	3.0%	0.00	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	0.0	100%	0.0	4,584.78	100%	4,584.78	0.02	0.5%	0.02	3.0%	0.02	
Ungroupable Inpatient	2.5	100%	2.5	3,022.74	100%	3,022.74	0.64	0.5%	0.65	3.0%	0.62	
Subtotal	30.7		30.7				\$6.62		\$6.70		\$7.13	
Outpatient Hospital												
Emergency Room	497.4	94%	470.0	\$171.12	101%	\$172.53	\$6.76	2.0%	\$7.10	4.5%	\$7.54	
Surgery	41.8	100%	41.8	1,183.87	100%	1,183.87	4.33	2.0%	4.33	4.5%	4.60	
Pharmacy	5.9	100%	5.9	127.34	100%	127.34	0.06	2.0%	0.07	4.5%	0.07	
Supplies	6.3	100%	6.3	13.99	100%	13.99	0.01	2.0%	0.01	4.5%	0.01	
Physical Therapy	52.7	100%	52.7	32.24	100%	32.24	0.15	2.0%	0.15	4.5%	0.16	
Hemophilic Drugs	15.9	100%	15.9	25.85	100%	25.85	0.03	2.0%	0.04	4.5%	0.04	
Behavioral Health	2.0	100%	2.0	94.72	100%	94.72	0.02	2.0%	0.02	4.5%	0.02	
Other Outpatient	291.0	100%	291.0	56.53	100%	56.53	1.37	2.0%	1.44	4.5%	1.53	
Subtotal	913.0		885.6				\$12.51		\$13.15		\$13.97	
Other Ancillaries												
Prescription Drugs	3,830.4	100%	3,830.4	\$31.46	100%	\$31.46	\$10.04	4.5%	\$11.21	7.0%	\$11.89	
Transportation	230.8	100%	230.8	18.85	100%	18.85	0.36	3.5%	0.40	6.0%	0.42	
DME/Prosthetics/Orthotics	56.9	100%	56.9	65.76	100%	65.76	0.31	3.5%	0.34	6.0%	0.36	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	76.6	100%	76.6	32.25	100%	32.25	0.21	3.5%	0.22	6.0%	0.24	
Subtotal	4,194.7		4,194.7				\$10.92		\$12.17		\$12.91	
Physician												
Inpatient and Outpatient Surgery	213.2	100%	213.2	\$111.25	100%	\$111.25	\$1.98	3.5%	\$2.15	6.0%	\$2.29	
Anesthesia	55.1	100%	55.1	87.16	100%	87.16	0.40	3.5%	0.44	6.0%	0.46	
Office/Consults	1,911.4	101%	1,933.4	52.21	100%	52.21	8.41	3.5%	9.17	6.0%	9.73	
Well Baby Exams/Physical Exams	467.9	110%	514.7	108.90	100%	108.90	4.67	3.5%	5.09	6.0%	5.40	
Hospital Inpatient Visits	41.0	100%	41.0	69.31	100%	69.31	0.24	3.5%	0.26	6.0%	0.27	
Emergency Room Visits	419.2	94%	396.1	64.78	101%	65.32	2.16	3.5%	2.35	6.0%	2.49	
Radiology	375.4	100%	375.4	29.28	100%	29.28	1.40	3.5%	1.53	6.0%	1.62	
Pathology	1,092.2	100%	1,092.2	14.74	100%	14.74	1.34	3.5%	1.46	6.0%	1.53	
Outpatient Psychiatric	191.3	100%	191.3	130.67	100%	130.67	2.08	3.5%	2.27	6.0%	2.41	
Maternity	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	2,220.2	100%	2,220.2	19.22	100%	19.22	3.57	3.5%	3.82	6.0%	4.13	
Subtotal	7,186.9		7,232.5				\$26.25		\$28.61		\$30.37	
Total Claims/Benefit Cost												
							\$56.30		\$60.63		\$64.37	

Population : TANF/Prog L 15 - 20 Male

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted PMPM	Low Trend	Trended PMPM	High Trend	Trended PMPM	
Inpatient Hospital												
Medical	29.4	100%	29.4	\$2,223.23	100%	\$2,223.23	\$5.45	0.5%	\$5.52	3.0%	\$5.87	
Surgical	22.3	100%	22.3	3,388.75	100%	3,388.75	6.30	0.5%	6.38	3.0%	6.78	
Non-Delivery Maternity	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	0.6	100%	0.6	864.15	100%	864.15	0.05	0.5%	0.05	3.0%	0.05	
Ungroupable Inpatient	5.3	100%	5.3	4,164.31	100%	4,164.31	1.85	0.5%	1.87	3.0%	1.92	
Subtotal	57.7		57.7				\$13.64		\$13.81		\$14.69	
Outpatient Hospital												
Emergency Room	608.7	95%	579.9	\$212.45	101%	\$213.95	\$10.34	2.0%	\$10.86	4.5%	\$11.54	
Surgery	42.0	100%	42.0	1,463.16	100%	1,463.16	5.12	2.0%	5.38	4.5%	5.72	
Pharmacy	8.6	100%	8.6	140.09	100%	140.09	0.10	2.0%	0.11	4.5%	0.11	
Supplies	15.6	100%	15.6	13.04	100%	13.04	0.02	2.0%	0.02	4.5%	0.02	
Physical Therapy	244.3	100%	244.3	31.00	100%	31.00	0.63	2.0%	0.66	4.5%	0.70	
Hemophiliac Drugs	20.6	100%	20.6	79.62	100%	79.62	0.14	2.0%	0.14	4.5%	0.15	
Behavioral Health	0.9	100%	0.9	89.92	100%	89.92	0.01	2.0%	0.01	4.5%	0.01	
Other Outpatient	204.0	100%	204.0	71.74	100%	71.74	1.22	2.0%	1.28	4.5%	1.36	
Subtotal	1,144.6		1,115.9				\$17.57		\$18.46		\$19.62	
Other Ancillaries												
Prescription Drugs	3,626.7	100%	3,626.7	\$27.76	100%	\$27.76	\$8.39	4.5%	\$9.37	7.0%	\$9.94	
Transportation	456.5	100%	456.5	21.57	100%	21.57	0.82	3.5%	0.89	6.0%	0.95	
DME/Prosthetics/Orthotics	75.6	100%	75.6	70.98	100%	70.98	0.45	3.5%	0.49	6.0%	0.52	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	60.1	100%	60.1	37.55	100%	37.55	0.19	3.5%	0.21	6.0%	0.22	
Subtotal	4,219.0		4,219.0				\$9.85		\$10.95		\$11.62	
Physician												
Inpatient and Outpatient Surgery	277.9	100%	277.9	\$128.41	100%	\$128.41	\$2.97	3.5%	\$3.24	6.0%	\$3.44	
Anesthesia	62.5	100%	62.5	93.35	100%	93.35	0.49	3.5%	0.53	6.0%	0.56	
Office/Consults	1,481.9	102%	1,504.9	55.86	100%	55.86	7.00	3.5%	7.63	6.0%	8.10	
Well Baby Exams/Physical Exams	306.1	103%	321.4	113.39	100%	113.39	3.04	3.5%	3.31	6.0%	3.51	
Hospital Inpatient Visits	72.1	100%	72.1	69.10	100%	69.10	0.42	3.5%	0.45	6.0%	0.48	
Emergency Room Visits	511.6	95%	487.4	65.70	101%	66.17	2.69	3.5%	2.93	6.0%	3.11	
Radiology	918.4	100%	918.4	38.32	100%	38.32	2.93	3.5%	3.20	6.0%	3.39	
Pathology	1,302.3	100%	1,302.3	20.46	100%	20.46	2.22	3.5%	2.42	6.0%	2.57	
Outpatient Psychiatric	120.9	100%	120.9	125.05	100%	125.05	1.26	3.5%	1.37	6.0%	1.46	
Maternity	0.1	100%	0.1	212.89	100%	212.89	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	1,831.4	100%	1,831.4	22.50	100%	22.50	3.43	3.5%	3.74	6.0%	3.97	
Subtotal	6,885.1		6,899.2				\$26.45		\$28.83		\$30.60	
Total Claims/Benefit Cost												
							\$67.51		\$72.06		\$76.52	

Population: TANF/Prog L 21 - 25 Male

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Low Trend	High Trend	Trended EMPM
Inpatient Hospital									
Medical	79.4	100%	79.4	\$2,301.89	100%	\$2,301.89	0.5%	3.0%	\$15.43
Surgical	37.2	100%	37.2	3,559.91	100%	3,559.91	0.5%	3.0%	11.16
Non-Delivery Maternity	-	100%	-	0.00	100%	0.00	0.0%	0.0%	0.00
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.5%	3.0%	0.00
Well Newborn	-	100%	-	0.00	100%	0.00	0.5%	3.0%	0.00
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.5%	3.0%	0.00
Psychiatric/Substance Abuse	-	100%	-	0.00	100%	0.00	0.5%	3.0%	0.00
Ungroupable Inpatient	9.6	100%	9.6	3,546.01	100%	3,546.01	0.3%	3.0%	2.83
Subtotal	126.2		126.2			\$29.09			\$29.46
Outpatient Hospital									
Emergency Room	1,480.0	94%	1,396.5	\$199.71	101%	\$201.40	2.0%	4.5%	\$24.63
Surgery	77.0	100%	77.0	1,273.98	100%	1,273.98	2.0%	4.5%	8.59
Pharmacy	22.7	100%	22.7	150.90	100%	150.90	2.0%	4.5%	0.30
Supplies	22.9	100%	22.9	19.09	100%	19.09	2.0%	4.5%	0.04
Physical Therapy	384.1	100%	384.1	28.08	100%	28.08	2.0%	4.5%	0.94
Heroin/Alc Drugs	42.9	100%	42.9	108.62	100%	108.62	2.0%	4.5%	0.39
Behavioral Health	-	100%	-	0.00	100%	0.00	2.0%	4.5%	0.00
Other Outpatient	271.8	100%	271.8	26.62	100%	26.62	2.0%	4.5%	2.19
Subtotal	2,301.3		2,217.8			\$35.41			\$37.21
Other Ancillaries									
Prescription Drugs	6,196.4	100%	6,196.4	\$19.61	100%	\$19.61	4.5%	7.0%	\$11.30
Transportation	731.5	100%	731.5	21.93	100%	21.93	3.5%	6.0%	1.46
DME/Prosthetics/Orthotics	114.2	100%	114.2	77.36	100%	77.36	3.5%	6.0%	0.80
School Based Services	-	100%	-	0.00	100%	0.00	3.5%	6.0%	0.00
Other Ancillary	73.9	100%	73.9	34.10	100%	34.10	3.5%	6.0%	0.21
Subtotal	7,115.9		7,115.9			\$12.41			\$13.79
Physician									
Inpatient and Outpatient Surgery	402.4	100%	402.4	\$132.47	100%	\$132.47	3.5%	6.0%	\$4.84
Anesthesia	95.8	100%	95.8	88.11	100%	88.11	3.5%	6.0%	0.77
Office/Consults	2,045.4	100%	2,112.2	54.98	100%	54.98	3.5%	6.0%	10.55
Well Baby Exams/Physical Exams	95.7	100%	100.5	88.58	100%	88.58	3.5%	6.0%	0.81
Hospital Inpatient Visits	159.9	100%	159.9	61.51	100%	61.51	3.5%	6.0%	0.89
Emergency Room Visits	1,164.6	94%	1,098.8	58.46	101%	58.96	3.5%	6.0%	5.88
Radiology	1,620.9	100%	1,620.9	40.41	100%	40.41	3.5%	6.0%	5.95
Pathology	1,722.6	100%	1,722.6	16.86	100%	16.86	3.5%	6.0%	2.64
Outpatient Psychiatric	118.4	100%	118.4	122.62	100%	122.62	3.5%	6.0%	1.32
Maternity	-	100%	-	0.00	100%	0.00	3.5%	6.0%	0.00
Other Professional	1,764.4	100%	1,764.4	26.21	100%	26.21	3.5%	6.0%	3.83
Subtotal	9,190.2		9,196.1			\$34.73			\$37.84
Total Claims/Benefit Cost									
				\$111.64		\$111.64			\$118.30
									\$125.66

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted PMPM	Low Trend	Trended PMPM	High Trend	Trended PMPM	
Inpatient Hospital												
Medical	154.5	100%	154.5	\$2,049.19	100%	\$2,049.19	\$26.38	0.5%	\$26.71	3.0%	\$28.40	
Surgical	82.0	100%	82.0	4,343.96	100%	4,343.96	29.68	0.5%	30.05	3.0%	31.96	
Non-Delivery Maternity	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	2.4	100%	2.4	1,589.36	100%	1,589.36	0.32	0.5%	0.32	3.0%	0.34	
Ungroupable Inpatient	22.8	100%	22.8	3,034.30	100%	3,034.30	2.54	0.5%	2.66	3.0%	10.28	
Subtotal	261.6		261.6				\$65.93		\$66.75		\$70.98	
Outpatient Hospital												
Emergency Room	1,148.0	94%	1,084.1	\$248.94	101%	\$251.02	\$22.68	2.0%	\$23.83	4.5%	\$25.32	
Surgery	158.3	100%	158.3	1,226.07	100%	1,226.07	16.18	2.0%	17.00	4.5%	18.06	
Pharmacy	60.3	100%	60.3	252.63	100%	252.63	1.27	2.0%	1.33	4.5%	1.42	
Supplies	107.9	100%	107.9	15.52	100%	15.52	0.14	2.0%	0.15	4.5%	0.16	
Physical Therapy	835.6	100%	835.6	29.16	100%	29.16	2.03	2.0%	2.13	4.5%	2.26	
Homeopathic Drugs	118.8	100%	118.8	69.00	100%	69.00	0.68	2.0%	0.72	4.5%	0.76	
Behavioral Health	1.3	100%	1.3	92.75	100%	92.75	0.01	2.0%	0.01	4.5%	0.01	
Other Outpatient	1,175.1	100%	1,175.1	34.69	100%	34.69	5.36	2.0%	5.63	4.5%	5.98	
Subtotal	3,603.3		3,539.5				\$48.34		\$50.79		\$53.96	
Other Ancillaries												
Prescription Drugs	14,585.2	100%	14,585.2	\$27.39	100%	\$27.39	\$33.29	4.5%	\$37.16	7.0%	\$39.42	
Transportation	897.8	100%	897.8	21.30	100%	21.30	1.59	3.5%	1.74	6.0%	1.84	
DME/Prosthetics/Orthotics	397.9	100%	397.9	71.45	100%	71.45	2.37	3.5%	2.58	6.0%	2.74	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	336.1	100%	336.1	43.18	100%	43.18	1.21	3.5%	1.32	6.0%	1.40	
Subtotal	16,216.9		16,216.9				\$38.46		\$42.80		\$45.41	
Physician												
Inpatient and Outpatient Surgery	748.1	100%	748.1	\$126.63	100%	\$126.63	\$7.89	3.5%	\$8.60	6.0%	\$9.13	
Anesthesia	186.8	100%	186.8	77.10	100%	77.10	1.20	3.5%	1.31	6.0%	1.39	
Office/Consults	3,495.1	101%	3,546.1	51.33	100%	51.33	15.17	3.5%	16.53	6.0%	17.55	
Well Baby Exams/Physical Exams	140.2	102%	145.0	83.90	100%	83.90	1.00	3.5%	1.09	6.0%	1.16	
Hospital Inpatient Visits	391.8	100%	391.8	51.24	100%	51.24	1.67	3.5%	1.82	6.0%	1.94	
Emergency Room Visits	952.0	94%	899.1	54.74	101%	55.20	4.14	3.5%	4.51	6.0%	4.78	
Radiology	2,458.8	100%	2,458.8	49.68	100%	49.68	10.18	3.5%	11.09	6.0%	11.78	
Pathology	3,581.4	100%	3,581.4	14.36	100%	14.36	4.28	3.5%	4.67	6.0%	4.96	
Outpatient Psychiatric	174.4	100%	174.4	103.80	100%	103.80	1.51	3.5%	1.64	6.0%	1.75	
Maternity	0.1	100%	0.1	503.51	100%	503.51	0.01	3.5%	0.01	6.0%	0.01	
Other Professional	3,705.7	100%	3,705.7	32.17	100%	32.17	2.94	3.5%	3.10	6.0%	3.28	
Subtotal	15,834.4		15,835.3				\$65.99		\$62.10		\$65.92	
Total Claims/Benefit Cost												
							\$209.71		\$222.44		\$236.27	

Population : TANF/Prog L 45 + Male

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Low Trend	Trended PMPM	High Trend	Trended PMPM	
Inpatient Hospital											
Medical	343.1	100%	343.1	\$2,252.52	100%	\$2,252.52	0.5%	\$64.40	3.0%	\$69.34	
Surgical	253.7	100%	253.7	4,323.11	100%	4,323.11	0.5%	91.41	3.0%	98.42	
Non-Delivery Maternity	-	100%	-	0.00	100%	0.00	0.5%	0.00	3.0%	0.00	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	-	100%	-	0.00	100%	0.00	0.5%	0.00	3.0%	0.00	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	5.9	100%	5.9	1,336.92	100%	1,336.92	0.5%	0.66	3.0%	0.71	
Ungroupable Inpatient	81.9	100%	81.9	2,594.82	100%	2,594.82	0.5%	17.24	3.0%	19.08	
Subtotal	684.7		684.7					\$174.19		\$187.55	
Outpatient Hospital											
Emergency Room	744.3	95%	705.7	\$331.00	101%	\$333.58	2.0%	\$19.62	4.5%	\$21.90	
Surgery	269.6	100%	269.6	1,270.74	100%	1,270.74	2.0%	28.55	4.5%	31.87	
Pharmacy	130.1	100%	130.1	320.76	100%	320.76	2.0%	3.48	4.5%	3.88	
Supplies	276.7	100%	276.7	18.41	100%	18.41	2.0%	0.42	4.5%	0.47	
Physical Therapy	1,338.8	100%	1,338.8	31.58	100%	31.58	2.0%	3.70	4.5%	3.93	
Hemophilic Drugs	265.1	100%	265.1	133.35	100%	133.35	2.0%	2.95	4.5%	3.29	
Behavioral Health	1.9	100%	1.9	90.30	100%	90.30	2.0%	0.01	4.5%	0.02	
Other Outpatient	1,525.7	100%	1,525.7	112.83	100%	112.83	2.0%	14.33	4.5%	16.02	
Subtotal	4,552.2		4,513.6					\$72.90		\$81.38	
Other Ancillaries											
Prescription Drugs	31,214.7	100%	31,214.7	\$30.88	100%	\$30.88	4.5%	\$80.32	7.0%	\$95.13	
Transportation	1,435.5	100%	1,435.5	20.37	100%	20.37	3.5%	2.44	6.0%	2.82	
DME/Prosthetics/Orthotics	777.1	100%	777.1	65.07	100%	65.07	3.5%	4.21	6.0%	4.87	
School Based Services	-	100%	-	0.00	100%	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	760.5	100%	760.5	45.64	100%	45.64	3.5%	2.82	6.0%	3.33	
Subtotal	34,187.9		34,187.9					\$89.87		\$106.17	
Physician											
Inpatient and Outpatient Surgery	1,429.5	100%	1,429.5	\$112.61	100%	\$112.61	3.5%	\$13.41	6.0%	\$15.52	
Anesthesia	349.6	100%	349.6	73.01	100%	73.01	3.5%	2.13	6.0%	2.46	
Office/Consults	5,616.1	101%	5,647.0	49.43	100%	49.43	3.5%	23.26	6.0%	26.91	
Well Baby Exams/Physical Exams	185.4	102%	189.1	88.52	100%	88.52	3.5%	1.40	6.0%	1.61	
Hospital Inpatient Visits	977.6	100%	977.6	45.21	100%	45.21	3.5%	3.68	6.0%	4.26	
Emergency Room Visits	677.9	95%	642.7	57.57	101%	58.01	3.5%	3.39	6.0%	3.59	
Radiology	3,916.8	100%	3,916.8	55.75	100%	55.75	3.5%	18.20	6.0%	21.05	
Pathology	7,120.8	100%	7,120.8	12.76	100%	12.76	3.5%	7.57	6.0%	8.76	
Outpatient Psychiatric	154.4	100%	154.4	95.81	100%	95.81	3.5%	1.23	6.0%	1.43	
Maternity	-	100%	-	0.00	100%	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	6,979.2	100%	6,979.2	31.32	100%	31.32	3.5%	18.22	6.0%	21.07	
Subtotal	27,407.3		27,406.7					\$92.20		\$106.66	
Total Claims/Benefit Cost											
								\$429.16		\$481.76	

Population : TANF / Prog L < 1 Female

Types of Services	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted PMPM	Low Trend	Trended PMPM	High Trend	Trended PMPM	
Inpatient Hospital												
Medical	923.0	100%	923.0	\$1,454.90	100%	\$1,454.90	\$113.91	0.5%	\$113.32	3.0%	\$120.49	
Surgical	22.1	100%	22.1	2,875.70	100%	2,875.70	5.29	0.5%	5.36	3.0%	5.69	
Non-Delivery Maternity	-	100%	-	0.00	0.00	0.00	0.00	0.5%	0.00	3.0%	0.00	
Maternity Delivery	-	100%	-	0.00	0.00	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	575.4	100%	575.4	815.40	100%	815.40	39.59	0.5%	39.59	3.0%	42.10	
Skilled Nursing Facility	-	100%	-	0.00	0.00	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	0.2	100%	0.2	2,082.04	100%	2,082.04	0.03	0.5%	0.03	3.0%	0.04	
Urgroupable Inpatient	10.4	100%	10.4	3,294.45	100%	3,294.45	2.88	0.5%	2.88	3.0%	3.07	
Subtotal	1,531.1		1,531.1			\$159.18			\$161.18		\$171.39	
Outpatient Hospital												
Emergency Room	1,285.6	92%	1,182.9	\$147.25	104%	\$149.02	\$14.69	2.0%	\$15.44	4.5%	\$16.40	
Surgery	41.5	100%	41.5	695.84	100%	695.84	2.41	2.0%	2.53	4.5%	2.69	
Pharmacy	18.3	100%	18.3	141.34	100%	141.34	0.22	2.0%	0.23	4.5%	0.24	
Supplies	8.7	100%	8.7	21.08	100%	21.08	0.02	2.0%	0.02	4.5%	0.02	
Physical Therapy	145.9	100%	145.9	35.89	100%	35.89	0.44	2.0%	0.46	4.5%	0.49	
Hemophilic Drugs	185.6	100%	185.6	63.56	100%	63.56	0.98	2.0%	1.03	4.5%	1.10	
Behavioral Health	3.6	100%	3.6	47.36	100%	47.36	0.01	2.0%	0.01	4.5%	0.02	
Other Outpatient	1,576.4	100%	1,576.4	30.76	100%	30.76	4.04	2.0%	4.25	4.5%	4.51	
Subtotal	3,263.7		3,163.0			\$22.80			\$23.96		\$25.46	
Other Ancillaries												
Prescription Drugs	5,538.4	100%	5,538.4	\$22.76	100%	\$22.76	\$10.50	1.5%	\$11.72	7.0%	\$12.44	
Transportation	773.3	100%	773.3	15.95	100%	15.95	1.03	3.5%	1.12	6.0%	1.19	
DME/Prosthetics/Orthotics	217.2	100%	217.2	88.34	100%	88.34	1.60	3.5%	1.74	6.0%	1.85	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	191.5	100%	191.5	15.95	100%	15.95	0.25	3.5%	0.28	6.0%	0.29	
Subtotal	6,720.4		6,720.4			\$13.38			\$14.86		\$15.77	
Physician												
Inpatient and Outpatient Surgery	125.0	100%	125.0	\$88.71	100%	\$88.71	\$0.92	3.5%	\$1.01	6.0%	\$1.07	
Anesthesia	49.2	100%	49.2	69.53	100%	69.53	0.29	3.5%	0.31	6.0%	0.33	
Office/Consults	4,818.4	102%	4,900.6	30.34	100%	30.34	12.39	3.5%	13.50	6.0%	14.33	
Well Baby Exams/Physical Exams	3,991.3	110%	4,390.5	75.67	100%	75.67	27.68	3.5%	30.17	6.0%	32.03	
Hospital Inpatient Visits	958.1	100%	958.1	55.67	100%	55.67	4.44	3.5%	4.84	6.0%	5.14	
Emergency Room Visits	1,127.5	92%	1,037.4	49.07	101%	49.65	4.29	3.5%	4.68	6.0%	4.97	
Radiology	965.9	100%	965.9	18.27	100%	18.27	1.47	3.5%	1.60	6.0%	1.70	
Pathology	1,344.0	100%	1,344.0	10.41	100%	10.41	1.17	3.5%	1.27	6.0%	1.35	
Outpatient Psychiatric	0.7	100%	0.7	53.63	100%	53.63	0.00	3.5%	0.00	6.0%	0.00	
Maternity	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	16,818.9	100%	16,818.9	2.30	100%	2.30	13.04	3.5%	14.21	6.0%	15.02	
Subtotal	30,199.0		30,590.3			\$65.70			\$71.60		\$76.01	
Total Claims/Benefit Cost												
						\$261.07			\$271.61		\$288.62	

Population: TANF/Prog L 1 - 4 Female

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted FPMF	Low Trend	Trended FPMF	High Trend	Trended FPMF	
Inpatient Hospital												
Medical	49.2	100%	49.2	\$2,137.82	100%	\$2,137.82	\$8.77	0.5%	\$8.88	3.0%	\$9.44	
Surgical	8.1	100%	8.1	3,065.37	100%	3,065.37	2.08	0.5%	2.11	3.0%	2.24	
Non-Delivery Maternity	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	0.1	100%	0.1	3,994.65	100%	3,994.65	0.02	0.5%	0.02	3.0%	0.02	
Ungroupable Inpatient	1.5	100%	1.5	3,384.76	100%	3,384.76	0.42	0.5%	0.43	3.0%	0.46	
Subtotal	58.9		58.9				\$11.30		\$11.44		\$12.16	
Outpatient Hospital												
Emergency Room	895.5	93%	831.2	\$144.81	101%	\$146.37	\$10.14	2.0%	\$10.65	4.5%	\$11.32	
Surgery	66.1	100%	66.1	1,012.46	100%	1,012.46	5.38	2.0%	5.36	4.5%	6.23	
Pharmacy	11.7	100%	11.7	104.84	100%	104.84	0.11	2.0%	0.11	4.5%	0.11	
Supplies	5.6	100%	5.6	9.69	100%	9.69	0.00	2.0%	0.00	4.5%	0.01	
Physical Therapy	28.4	100%	28.4	41.12	100%	41.12	0.10	2.0%	0.10	4.5%	0.11	
Hemophilic Drugs	43.6	100%	43.6	14.57	100%	14.57	0.05	2.0%	0.06	4.5%	0.06	
Behavioral Health	1.4	100%	1.4	53.45	100%	53.45	0.01	2.0%	0.01	4.5%	0.01	
Other Outpatient	483.2	100%	483.2	44.05	100%	44.05	1.77	2.0%	1.86	4.5%	1.98	
Subtotal	1,535.6		1,471.2				\$17.75		\$18.66		\$19.82	
Other Ancillaries												
Prescription Drugs	4,726.8	100%	4,726.8	\$21.12	100%	\$21.12	\$8.32	4.5%	\$9.29	7.0%	\$9.85	
Transportation	359.4	100%	359.4	17.40	100%	17.40	0.52	3.5%	0.57	6.0%	0.60	
DME/Prosthetics/Orthotics	79.7	100%	79.7	69.25	100%	69.25	0.46	3.5%	0.50	6.0%	0.53	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	90.6	100%	90.6	18.33	100%	18.33	0.14	3.5%	0.15	6.0%	0.16	
Subtotal	5,256.5		5,256.5				\$9.44		\$10.51		\$11.15	
Physician												
Inpatient and Outpatient Surgery	172.7	100%	172.7	\$101.60	100%	\$101.60	\$1.46	3.5%	\$1.59	6.0%	\$1.69	
Anesthesia	75.0	100%	75.0	81.25	100%	81.25	0.51	3.5%	0.55	6.0%	0.59	
Office/Consults	2,894.7	102%	2,946.2	43.12	100%	43.12	10.59	3.5%	11.54	6.0%	12.25	
Well Baby Exams/Physical Exams	990.0	110%	1,088.9	100.04	100%	100.04	9.89	3.5%	9.89	6.0%	10.50	
Hospital Inpatient Visits	84.0	100%	84.0	63.36	100%	63.36	0.44	3.5%	0.48	6.0%	0.51	
Emergency Room Visits	767.0	93%	711.8	59.61	101%	60.25	3.57	3.5%	3.89	6.0%	4.13	
Radiology	464.5	100%	464.5	20.92	100%	20.92	0.88	3.5%	0.94	6.0%	0.94	
Pathology	1,515.1	100%	1,515.1	12.73	100%	12.73	1.61	3.5%	1.75	6.0%	1.86	
Outpatient Psychiatric	13.1	100%	13.1	129.61	100%	129.61	0.14	3.5%	0.15	6.0%	0.16	
Maternity	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	4,258.1	100%	4,258.1	10.34	100%	10.34	3.67	3.5%	4.00	6.0%	4.24	
Subtotal	11,234.1		11,329.4				\$31.88		\$34.74		\$36.88	
Total Claims/Benefit Cost												
							\$70.37		\$75.35		\$80.01	

Enclosure 4

Michigan Department of Community Health
Cost Model Projections: 2011 Fiscal Year
Statewide

Population : TANF/Prog L 5 - 14 Female

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted RMPM	Low Trend	High Trend	Trended RMPM
Inpatient Hospital										
Medical	16.9	100%	16.9	\$2,078.76	100%	\$2,078.76	\$2.92	0.5%	3.0%	\$3.14
Surgical	6.5	100%	6.5	3,748.81	100%	3,748.81	2.03	0.5%	3.0%	2.18
Non-Delivery Maternity	0.5	100%	0.5	628.71	100%	628.71	0.03	0.5%	3.0%	0.00
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	3.0%	0.00
Well Newborn	-	100%	-	0.00	100%	0.00	0.00	0.5%	3.0%	0.00
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	3.0%	0.00
Psychiatric/Substance Abuse	0.2	100%	0.2	1,693.52	100%	1,693.52	0.03	0.5%	3.0%	0.03
Ungroupable Inpatient	1.7	100%	1.7	3,331.97	100%	3,331.97	0.48	0.5%	3.0%	0.51
Subtotal	25.8		25.8				\$5.48			\$5.90
Outpatient Hospital										
Emergency Room	481.9	93%	449.3	\$164.56	101%	\$166.23	\$6.22	2.0%	4.5%	\$6.95
Surgery	37.9	100%	37.9	1,110.69	100%	1,110.69	3.51	2.0%	4.5%	3.92
Pharmacy	5.9	100%	5.9	109.64	100%	109.64	0.05	2.0%	4.5%	0.06
Supplies	4.3	100%	4.3	13.96	100%	13.96	0.00	2.0%	4.5%	0.01
Physical Therapy	66.1	100%	66.1	31.46	100%	31.46	0.17	2.0%	4.5%	0.19
Hemophilic Drugs	17.9	100%	17.9	33.19	100%	33.19	0.05	2.0%	4.5%	0.05
Behavioral Health	1.2	100%	1.2	108.38	100%	108.38	0.01	2.0%	4.5%	0.01
Other Outpatient	269.3	100%	269.3	54.37	100%	54.37	1.22	2.0%	4.5%	1.36
Subtotal	884.5		851.8				\$11.82			\$12.55
Other Ancillaries										
Prescription Drugs	3,777.3	100%	3,777.3	\$27.10	100%	\$27.10	\$8.53	4.5%	7.0%	\$10.10
Transportation	189.7	100%	189.7	18.32	100%	18.32	0.29	3.5%	6.0%	0.34
DME/Prosthetics/Orthotics	48.0	100%	48.0	64.92	100%	64.92	0.26	3.5%	6.0%	0.30
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	6.0%	0.00
Other Ancillary	56.4	100%	56.4	27.23	100%	27.23	0.13	3.5%	6.0%	0.15
Subtotal	4,071.5		4,071.5				\$9.21			\$10.89
Physician										
Inpatient and Outpatient Surgery	180.2	100%	180.2	\$105.60	100%	\$105.60	\$1.59	3.5%	6.0%	\$1.83
Anesthesia	47.4	100%	47.4	90.17	100%	90.17	0.36	3.5%	6.0%	0.41
Office/Consults	2,073.5	101%	2,099.6	48.12	100%	48.12	8.42	3.5%	6.0%	9.74
Well Baby Exams/Physical Exams	469.3	110%	516.3	109.85	100%	109.85	4.73	3.5%	6.0%	5.47
Hospital Inpatient Visits	35.4	100%	35.4	68.19	100%	68.19	0.20	3.5%	6.0%	0.23
Emergency Room Visits	412.1	93%	384.2	63.67	101%	64.52	2.06	3.5%	6.0%	2.38
Radiology	530.0	100%	530.0	32.79	100%	32.79	1.45	3.5%	6.0%	1.68
Pathology	1,343.1	100%	1,343.1	15.84	100%	15.84	1.77	3.5%	6.0%	2.05
Outpatient Psychiatric	135.7	100%	135.7	133.00	100%	133.00	1.50	3.5%	6.0%	1.74
Maternity	0.0	100%	0.0	468.99	100%	468.99	0.00	3.5%	6.0%	0.00
Other Professional	2,357.3	100%	2,357.3	19.18	100%	19.18	3.77	3.5%	6.0%	4.36
Subtotal	7,584.1		7,629.3				\$28.84			\$29.89
Total Claims/Benefit Cost							\$51.78			\$59.23

Population : TANF/Prog L 15 - 20 Female

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted RPMEM	Low Trend	Trended RPMEM	High Trend	Trended RPMEM	
Inpatient Hospital												
Medical	41.9	100%	41.9	\$2,043.72	100%	\$2,043.72	\$7.14	0.5%	\$7.23	3.0%	\$7.68	
Surgical	15.1	100%	15.1	3,726.54	100%	3,726.54	4.70	0.5%	4.76	3.0%	5.06	
Non-Delivery Maternity	24.6	100%	24.6	1,234.26	100%	1,234.26	2.53	0.5%	2.53	3.0%	2.72	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	0.4	100%	0.4	1,543.30	100%	1,543.30	0.06	0.5%	0.06	3.0%	0.06	
Ungroupable Inpatient	3.0	100%	3.0	3,126.84	100%	3,126.84	0.72	0.5%	0.72	3.0%	0.84	
Subtotal	85.1		85.1				\$15.21		\$15.40		\$16.38	
Outpatient Hospital												
Emergency Room	1,119.3	92%	1,034.4	\$221.04	100%	\$223.56	\$19.27	2.0%	\$20.25	4.5%	\$21.51	
Surgery	103.4	100%	103.4	763.39	100%	763.39	6.58	2.0%	6.91	4.5%	7.34	
Pharmacy	37.9	100%	37.9	96.04	100%	96.04	0.30	2.0%	0.32	4.5%	0.34	
Supplies	39.9	100%	39.9	18.93	100%	18.93	0.06	2.0%	0.07	4.5%	0.07	
Physical Therapy	356.1	100%	356.1	20.55	100%	20.55	0.61	2.0%	0.64	4.5%	0.67	
Hemophilic Drugs	70.1	100%	70.1	47.33	100%	47.33	0.28	2.0%	0.29	4.5%	0.31	
Behavioral Health	1.4	100%	1.4	89.18	100%	89.18	0.01	2.0%	0.01	4.5%	0.01	
Other Outpatient	640.1	100%	640.1	53.79	100%	53.79	2.87	2.0%	3.02	4.5%	3.20	
Subtotal	2,368.3		2,283.4				\$29.98		\$31.50		\$33.47	
Other Ancillaries												
Prescription Drugs	8,094.9	100%	8,094.9	\$19.94	100%	\$19.94	\$13.45	4.5%	\$15.02	7.0%	\$15.93	
Transportation	800.0	100%	800.0	21.54	100%	21.54	1.44	3.5%	1.56	6.0%	1.66	
DME/Prosthetics/Orthotics	68.5	100%	68.5	61.60	100%	61.60	0.35	3.5%	0.38	6.0%	0.41	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	187.9	100%	187.9	16.23	100%	16.23	0.25	3.5%	0.28	6.0%	0.29	
Subtotal	9,151.2		9,151.2				\$15.49		\$17.24		\$18.29	
Physician												
Inpatient and Outpatient Surgery	316.8	100%	316.8	\$97.80	100%	\$97.80	\$2.58	3.5%	\$2.81	6.0%	\$2.99	
Anesthesia	197.2	100%	197.2	109.68	100%	109.68	1.80	5.5%	1.96	6.0%	2.08	
Office/Consults	2,951.0	102%	3,018.9	41.73	100%	41.73	10.50	3.5%	11.44	6.0%	12.14	
Well Baby Exams/Physical Exams	557.2	105%	585.0	92.28	100%	92.28	4.50	3.5%	4.90	6.0%	5.20	
Hospital Inpatient Visits	145.8	100%	145.8	51.15	100%	51.15	0.62	3.5%	0.68	6.0%	0.72	
Emergency Room Visits	912.2	92%	843.0	53.30	100%	53.30	3.79	3.5%	4.13	6.0%	4.38	
Radiology	1,716.0	100%	1,716.0	41.98	100%	41.98	6.00	3.5%	6.54	6.0%	6.95	
Pathology	5,443.0	100%	5,443.0	23.27	100%	23.27	10.55	3.5%	11.50	6.0%	12.21	
Outpatient Psychiatric	149.2	100%	149.2	106.47	100%	106.47	1.32	3.5%	1.44	6.0%	1.53	
Maternity	0.1	100%	0.1	249.55	100%	249.55	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	3,385.0	100%	3,385.0	22.30	100%	22.30	6.29	3.5%	6.83	6.0%	7.28	
Subtotal	15,773.6		15,800.1				\$47.96		\$52.27		\$55.48	
Total Claims/Benefit Cost												
							\$108.64		\$116.41		\$123.62	

Population: TANF/Prog L 21 - 25 Female

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted PMPM	Low Trend	Trended PMPM	High Trend	Trended PMPM	
Inpatient Hospital												
Medical	88.3	100%	88.3	\$2,016.97	100%	\$2,016.97	\$14.84	0.5%	\$15.03	3.0%	\$15.98	
Surgical	41.3	100%	41.3	3,623.76	100%	3,623.76	12.47	0.5%	12.63	3.0%	13.43	
Non-Delivery Maternity	66.1	100%	66.1	1,396.26	100%	1,396.26	7.79	0.5%	7.99	3.0%	8.28	
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Well Newborn	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00	
Psychiatric/Substance Abuse	0.8	100%	0.8	2,118.14	100%	2,118.14	0.14	0.5%	0.14	3.0%	0.15	
Ungroupable Inpatient	7.8	100%	7.8	2,981.62	100%	2,981.62	1.93	0.5%	1.93	3.0%	2.08	
Subtotal	204.2		204.2				\$37.07		\$37.54		\$39.91	
Outpatient Hospital												
Emergency Room	1,969.9	92%	1,814.0	\$230.58	101%	\$233.32	\$35.27	2.0%	\$37.06	4.5%	\$39.37	
Surgery	267.5	100%	267.5	766.91	100%	766.91	17.10	2.0%	17.96	4.5%	19.09	
Pharmacy	89.6	100%	89.6	109.32	100%	109.32	0.82	2.0%	0.86	4.5%	0.91	
Supplies	86.6	100%	86.6	29.29	100%	29.29	0.21	2.0%	0.22	4.5%	0.24	
Physical Therapy	326.2	100%	326.2	28.70	100%	28.70	0.78	2.0%	0.82	4.5%	0.87	
Hemophiliac Drugs	142.9	100%	142.9	55.80	100%	55.80	0.66	2.0%	0.70	4.5%	0.74	
Behavioral Health	1.3	100%	1.3	79.78	100%	79.78	0.01	2.0%	0.01	4.5%	0.01	
Other Outpatient	1,230.5	100%	1,230.5	56.93	100%	56.93	3.84	2.0%	6.13	4.5%	6.52	
Subtotal	4,114.6		3,958.6				\$60.68		\$63.76		\$67.74	
Other Ancillaries												
Prescription Drugs	12,612.1	100%	12,612.1	\$17.50	100%	\$17.50	\$18.39	4.5%	\$20.53	7.0%	\$21.78	
Transportation	1,249.1	100%	1,249.1	21.36	100%	21.36	2.22	3.5%	2.42	6.0%	2.57	
DME/Prosthetics/Orthotics	107.7	100%	107.7	58.04	100%	58.04	0.52	3.5%	0.57	6.0%	0.60	
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00	
Other Ancillary	266.9	100%	266.9	23.02	100%	23.02	0.51	3.5%	0.56	6.0%	0.52	
Subtotal	14,235.8		14,235.8				\$21.65		\$24.08		\$25.55	
Physician												
Inpatient and Outpatient Surgery	642.9	100%	642.9	\$102.71	100%	\$102.71	\$5.50	3.5%	\$6.00	6.0%	\$6.37	
Anesthesia	528.8	100%	528.8	97.87	100%	97.87	4.31	3.5%	4.70	6.0%	4.99	
Office/Consults	3,805.3	103%	3,930.1	43.79	100%	43.79	14.34	3.5%	15.63	6.0%	16.59	
Well Baby Exams/Physical Exams	508.6	103%	534.0	83.78	100%	83.78	3.73	3.5%	4.06	6.0%	4.31	
Hospital Inpatient Visits	347.2	100%	347.2	47.03	100%	47.03	1.48	3.5%	1.48	6.0%	1.57	
Emergency Room Visits	1,553.2	92%	1,430.3	49.79	101%	50.39	6.01	3.5%	6.54	6.0%	6.95	
Radiology	4,793.1	100%	4,793.1	30.72	100%	30.72	12.27	3.5%	13.37	6.0%	14.19	
Pathology	9,755.5	100%	9,755.5	20.46	100%	20.46	16.63	3.5%	18.13	6.0%	19.24	
Outpatient Psychiatric	174.4	100%	174.4	95.23	100%	95.23	1.38	3.5%	1.51	6.0%	1.60	
Maternity	0.2	100%	0.2	154.20	100%	154.20	0.00	3.5%	0.00	6.0%	0.00	
Other Professional	3,600.6	100%	3,600.6	29.19	100%	29.19	8.76	3.5%	9.52	6.0%	10.13	
Subtotal	25,710.0		25,737.2				\$74.30		\$80.98		\$85.95	
Total Claims/Benefit Cost							\$193.70		\$206.35		\$219.16	

Population : TANF/Prog L 26 - 44 Female

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted EMEM	Low Trend	High Trend	Trended EMEM
Inpatient Hospital										
Medical	175.2	100%	175.2	\$1,933.04	100%	\$1,933.04	\$28.21	0.5%	3.0%	\$28.57
Surgical	92.3	100%	92.3	3,532.31	100%	3,532.31	27.16	0.5%	3.0%	27.50
Non-Delivery Maternity	31.2	100%	31.2	1,256.67	100%	1,256.67	3.26	0.5%	3.0%	3.51
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	3.0%	0.00
Well Newborn	-	100%	-	0.00	100%	0.00	0.00	0.5%	3.0%	0.00
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	3.0%	0.00
Psychiatric/Substance Abuse	1.1	100%	1.1	1,520.90	100%	1,520.90	0.14	0.5%	3.0%	0.14
Ungroupable Inpatient	23.6	100%	23.6	3,366.12	100%	3,366.12	6.63	0.5%	3.0%	6.71
Subtotal	323.3		323.3				\$65.40			\$66.23
Outpatient Hospital										
Emergency Room	1,512.9	93%	1,402.1	\$257.35	101%	\$260.18	\$30.40	2.0%	4.5%	\$31.94
Surgery	247.2	100%	247.2	1,163.96	100%	1,163.96	23.98	2.0%	4.5%	25.20
Pharmacy	82.5	100%	82.5	151.39	100%	151.39	1.04	2.0%	4.5%	1.09
Supplies	119.3	100%	119.3	18.83	100%	18.83	0.19	2.0%	4.5%	0.20
Physical Therapy	803.1	100%	803.1	29.10	100%	29.10	1.95	2.0%	4.5%	2.05
Hemophilic Drugs	163.7	100%	163.7	99.20	100%	99.20	1.35	2.0%	4.5%	1.42
Behavioral Health	1.8	100%	1.8	89.88	100%	89.88	0.01	2.0%	4.5%	0.01
Other Outpatient	1,073.4	100%	1,073.4	74.34	100%	74.34	6.65	2.0%	4.5%	6.92
Subtotal	4,003.9		3,893.1				\$65.57			\$68.90
Other Ancillaries										
Prescription Drugs	19,615.7	100%	19,615.7	\$23.93	100%	\$23.93	\$39.11	4.5%	7.0%	\$43.66
Transportation	1,088.2	100%	1,088.2	23.56	100%	23.56	2.14	3.5%	6.0%	2.33
DME/Prosthetics/Orthotics	294.9	100%	294.9	61.11	100%	61.11	1.50	3.5%	6.0%	1.64
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	6.0%	0.00
Other Ancillary	397.4	100%	397.4	34.05	100%	34.05	1.13	3.5%	6.0%	1.23
Subtotal	21,396.2		21,396.2				\$43.88			\$48.86
Physician										
Inpatient and Outpatient Surgery	900.9	100%	900.9	\$115.53	100%	\$115.53	\$8.67	3.5%	6.0%	\$9.45
Anesthesia	410.6	100%	410.6	80.49	100%	80.49	2.75	3.5%	6.0%	3.00
Office/Consults	4,593.5	102%	4,682.1	46.65	100%	46.65	18.20	3.5%	6.0%	19.84
Well Baby Exams/Physical Exams	421.7	102%	430.1	84.61	100%	84.61	3.03	3.5%	6.0%	3.31
Hospital Inpatient Visits	474.8	100%	474.8	46.95	100%	46.95	1.86	3.5%	6.0%	2.02
Emergency Room Visits	1,259.0	93%	1,166.8	50.92	101%	51.48	5.01	3.5%	6.0%	5.46
Radiology	3,788.2	103%	3,788.2	44.17	100%	44.17	13.94	3.5%	6.0%	15.20
Pathology	7,666.3	100%	7,666.3	20.49	100%	20.49	13.09	3.5%	6.0%	14.27
Outpatient Psychiatric	259.7	100%	259.7	94.82	100%	94.82	2.05	3.5%	6.0%	2.24
Maternity	0.2	100%	0.2	258.03	100%	258.03	0.00	3.5%	6.0%	0.00
Other Professional	4,460.1	100%	4,460.1	29.39	100%	29.39	10.93	3.5%	6.0%	11.91
Subtotal	24,235.0		24,239.9				\$79.54			\$86.68
Total Claims/Benefit Cost										
							\$254.40			\$270.67

Enclosure 4

Michigan Department of Community Health
Cost Model Projections: 2011 Fiscal Year
Statewide

Population : TANF/Prog L 45 + Female

Type of Service	Base Util Rate Per 1,000	Managed Care Adjustment	Adjusted Util Rate Per 1,000	Base Cost Per Service	Managed Care Adjustment	Adjusted Cost Per Service	Adjusted PMPM	Low Trend	Trended PMPM	High Trend	Trended PMPM
Inpatient Hospital											
Medical	410.9	100%	410.9	\$1,899.64	100%	\$1,899.64	\$65.04	0.5%	\$65.86	3.0%	\$70.03
Surgical	207.7	100%	207.7	3,452.19	100%	3,452.19	59.76	0.5%	60.51	3.0%	64.34
Non-Delivery Maternity	1.3	100%	1.3	331.74	100%	331.74	0.04	0.5%	0.04	0.0%	0.00
Maternity Delivery	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00
Well Newborn	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00
Skilled Nursing Facility	-	100%	-	0.00	100%	0.00	0.00	0.5%	0.00	3.0%	0.00
Psychiatric/Substance Abuse	4.7	100%	4.7	1,561.14	100%	1,561.14	0.62	0.5%	0.62	3.0%	0.66
Ungroupable Inpatient	72.2	100%	72.2	3,196.42	100%	3,196.42	19.23	0.5%	19.47	5.0%	20.72
Subtotal	696.9		696.9				\$144.69		\$146.50		\$155.78
Outpatient Hospital											
Emergency Room	974.0	93%	910.0	\$322.62	101%	\$325.80	\$24.71	2.0%	\$25.96	4.5%	\$27.58
Surgery	275.3	100%	275.3	1,198.84	100%	1,198.84	27.51	2.0%	28.90	4.5%	30.71
Pharmacy	125.6	100%	125.6	285.92	100%	285.92	2.99	2.0%	3.15	4.5%	3.34
Supplies	270.0	100%	270.0	21.76	100%	21.76	0.49	2.0%	0.51	4.5%	0.55
Physical Therapy	1,707.7	100%	1,707.7	31.31	100%	31.31	4.46	2.0%	4.68	4.5%	4.97
Homeopathic Drugs	305.4	100%	305.4	138.70	100%	138.70	3.53	2.0%	3.71	4.5%	3.94
Behavioral Health	2.2	100%	2.2	92.89	100%	92.89	0.02	2.0%	0.02	4.5%	0.02
Other Outpatient	1,600.1	100%	1,600.1	94.81	100%	94.81	12.64	2.0%	13.28	4.5%	14.11
Subtotal	5,260.3		5,196.3				\$76.34		\$80.22		\$85.22
Other Ancillaries											
Prescription Drugs	36,867.4	100%	36,867.4	\$26.76	100%	\$26.76	\$82.20	4.5%	\$91.76	7.0%	\$97.35
Transportation	1,434.5	100%	1,434.5	24.92	100%	24.92	2.98	5.5%	3.25	6.0%	3.45
DME/Prosthetics/Orthotics	695.9	100%	695.9	59.00	100%	59.00	3.42	3.5%	3.73	6.0%	3.96
School Based Services	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00
Other Ancillary	754.5	100%	754.5	40.59	100%	40.59	2.55	3.5%	2.78	6.0%	2.92
Subtotal	39,752.3		39,752.3				\$91.16		\$101.52		\$107.71
Physician											
Inpatient and Outpatient Surgery	1,427.3	100%	1,427.3	\$110.08	100%	\$110.08	\$13.09	3.5%	\$14.27	6.0%	\$15.15
Anesthesia	373.6	100%	373.6	68.70	100%	68.70	2.14	3.5%	2.33	6.0%	2.47
Office/Consults	5,956.8	101%	6,008.0	48.69	100%	48.69	24.38	3.5%	26.57	6.0%	28.20
Well Baby Exams/Physical Exams	345.1	102%	352.0	93.27	100%	93.27	2.74	3.5%	2.98	6.0%	3.17
Hospital Inpatient Visits	1,047.9	100%	1,047.9	45.01	100%	45.01	3.93	3.5%	4.28	6.0%	4.55
Emergency Room Visits	895.0	93%	836.2	55.67	101%	56.22	3.92	3.5%	4.27	6.0%	4.53
Radiology	5,505.6	100%	5,505.6	45.27	100%	45.27	20.77	3.5%	22.64	6.0%	24.03
Pathology	7,778.1	100%	7,778.1	18.24	100%	18.24	11.82	3.5%	12.88	6.0%	13.67
Outpatient Psychiatric	246.1	100%	246.1	94.91	100%	94.91	1.95	3.5%	2.12	6.0%	2.25
Maternity	-	100%	-	0.00	100%	0.00	0.00	3.5%	0.00	6.0%	0.00
Other Professional	7,150.4	100%	7,150.4	34.16	100%	34.16	20.32	3.5%	22.18	6.0%	23.54
Subtotal	30,725.8		30,725.8				\$105.08		\$114.52		\$121.56
Total Claims/Benefit Cost											
							\$417.27		\$442.76		\$470.28



ENCLOSURE 5

TA\2011\WMD\MMMD68 (3.171)\MDCH Capitation Rate Documentation - FY 2011 - Add-On Adj. - Final.docx

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**State of Michigan
Department of Community Health
Maternity Summary by Region**

Population: All Deliveries 2008-2009

Encounter Data

Region 1		Deliveries:	13,607
	Utilization	Cost per Svc	PMPD
Inpatient-Maternity Delivery	2.5	\$1,217.64	\$2,999.59
Outpatient-ER	0.2	\$139.55	25.18
Outpatient-Surgery	0.2	\$126.29	21.86
Outpatient-Other	0.1	\$45.67	5.68
Physician-Pathology	0.6	\$43.75	27.52
Physician-Maternity	3.9	\$270.11	1,045.50
Total	7.4		\$4,125.34
Region 2		Deliveries:	3,926
	Utilization	Cost per Svc	PMPD
Inpatient-Maternity Delivery	2.3	\$1,270.13	\$2,982.50
Outpatient-ER	0.0	\$165.65	6.79
Outpatient-Surgery	0.3	\$84.63	25.50
Outpatient-Other	0.0	\$69.12	0.97
Physician-Pathology	1.3	\$43.64	55.53
Physician-Maternity	3.5	\$258.12	910.49
Total	7.5		\$3,981.77
Region 3		Deliveries:	4,806
	Utilization	Cost per Svc	PMPD
Inpatient-Maternity Delivery	2.4	\$1,161.44	\$2,817.82
Outpatient-ER	0.0	\$337.73	7.42
Outpatient-Surgery	0.3	\$88.90	24.07
Outpatient-Other	0.0	\$37.80	1.30
Physician-Pathology	0.4	\$33.32	12.22
Physician-Maternity	3.8	\$312.53	1,178.87
Total	6.9		\$4,041.70
Region 4		Deliveries:	8,526
	Utilization	Cost per Svc	PMPD
Inpatient-Maternity Delivery	2.4	\$1,078.74	\$2,614.73
Outpatient-ER	0.1	\$262.90	14.56
Outpatient-Surgery	0.6	\$68.70	39.56
Outpatient-Other	0.0	\$23.46	1.06
Physician-Pathology	0.6	\$45.48	28.79
Physician-Maternity	3.2	\$339.60	1,096.09
Total	7.0		\$3,794.79
Region 5		Deliveries:	1,297
	Utilization	Cost per Svc	PMPD
Inpatient-Maternity Delivery	2.5	\$996.16	\$2,505.37
Outpatient-ER	0.0	\$355.99	6.88
Outpatient-Surgery	0.1	\$221.61	22.90
Outpatient-Other	0.0	\$33.97	0.88
Physician-Pathology	0.7	\$45.84	33.85
Physician-Maternity	7.6	\$144.46	1,101.20
Total	11.0		\$3,671.08

**State of Michigan
Department of Community Health
Maternity Summary by Region**

Population: All Deliveries 2008-2009

Encounter Data

Region 6		Deliveries:	1,850
	Utilization	Cost per Svc	PMPD
Inpatient-Maternity Delivery	2.5	\$1,067.77	\$2,642.31
Outpatient-ER	0.1	\$408.45	20.87
Outpatient-Surgery	0.4	\$102.32	36.01
Outpatient-Other	0.1	\$36.02	3.00
Physician-Pathology	1.0	\$43.48	42.55
Physician-Maternity	5.8	\$187.96	1,086.77
Total	9.7		\$3,831.52
Region 7		Deliveries:	2,898
	Utilization	Cost per Svc	PMPD
Inpatient-Maternity Delivery	2.2	\$1,065.23	\$2,316.46
Outpatient-ER	0.0	\$259.22	10.32
Outpatient-Surgery	0.1	\$267.41	19.79
Outpatient-Other	0.2	\$52.24	9.45
Physician-Pathology	0.7	\$43.26	30.90
Physician-Maternity	4.7	\$251.23	1,186.96
Total	7.9		\$3,573.87
Region 8		Deliveries:	2,448
	Utilization	Cost per Svc	PMPD
Inpatient-Maternity Delivery	2.4	\$875.69	\$2,078.34
Outpatient-ER	0.0	\$359.73	7.60
Outpatient-Surgery	0.1	\$117.31	16.64
Outpatient-Other	0.1	\$45.91	6.76
Physician-Pathology	0.7	\$33.53	22.94
Physician-Maternity	2.7	\$353.24	969.86
Total	6.1		\$3,102.14
Region 9		Deliveries:	3,769
	Utilization	Cost per Svc	PMPD
Inpatient-Maternity Delivery	2.2	\$1,182.83	\$2,598.21
Outpatient-ER	0.1	\$134.30	8.77
Outpatient-Surgery	0.2	\$105.67	18.37
Outpatient-Other	0.5	\$47.15	25.87
Physician-Pathology	0.3	\$40.19	12.60
Physician-Maternity	3.9	\$282.86	1,097.64
Total	7.2		\$3,761.46
Region 10		Deliveries:	3,286
	Utilization	Cost per Svc	PMPD
Inpatient-Maternity Delivery	2.4	\$1,121.44	\$2,652.07
Outpatient-ER	0.1	\$109.29	9.23
Outpatient-Surgery	0.6	\$51.64	28.87
Outpatient-Other	0.1	\$51.25	4.53
Physician-Pathology	0.3	\$41.22	13.74
Physician-Maternity	3.7	\$282.11	1,033.02
Total	7.1		\$3,741.47



ENCLOSURE 6

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State of Michigan
Department of Community Health
FY 2011 Capitation Rates
TANF / Program L Area Factor Development

<u>Region</u>	<u>Enrollment</u>	<u>CDPS Risk Score</u>	<u>Cost Adjustment</u>	<u>FY 2011 Area Factors</u>
1	305,671	0.9674	1.0537	0.9908
2	76,300	1.0759	0.9936	1.0428
3	96,696	1.0058	0.9633	0.9862
4	181,522	1.0056	0.9595	0.9849
5	39,800	1.0023	1.0331	1.0071
6	81,254	1.0116	1.0253	1.0107
7	101,342	0.9972	1.0216	0.9999
8	26,329	1.0195	1.0037	1.0088
9	90,958	0.9849	1.0284	0.9940
<u>10</u>	<u>75,472</u>	<u>1.0490</u>	<u>1.0300</u>	<u>1.0370</u>
Composite	1,075,344	1.0009	1.0144	1.0000