

January 19, 2011

Mr. Thomas Lawless  
 Director  
 Bureau of Financial Management  
 Division of Long-Term Care  
 One West Wilson Street  
 Madison, WI 53701

**RE: Actuarial Certification for Family Care Partnership and PACE**

Dear Tom:

This letter includes our actuarial certification of the Family Care Partnership (FCP) and PACE capitation rates for the contract period January 1, 2011 through December 31, 2011. DHS should forward this letter along with additional documentation to CMS to satisfy its certification requirement.

Table 1 shows the calendar year 2011 (CY2011) capitation rates. The CY2011 capitation rates have remained constant from the rates developed in the report provided to DHS titled 'PACE FCP 2010 Capitation Rate Report' dated February 4, 2010. The CY2011 capitation rates have remained at the same level, and thus have been calculated using the same methodologies and assumptions discussed in the prior report.

<b>Table 1 Family Care Partnership and PACE Monthly Capitation Rates</b>	
<b>MCO</b>	<b>Calendar Year 2011</b>
CCE PACE	\$2,957.54
CCE Partnership (Milwaukee)	\$3,089.13
CCE Partnership (Expansion - Teal & Orange Regions)	\$3,233.60
CCE Partnership (Expansion - Pink Regions)	\$3,377.88
Care Wisconsin, Inc.	\$3,202.90
Partnership Health Plan, Inc.	\$3,638.02
Independent Care, Inc.	\$3,150.52

Mr. Tom Lawless  
January 19, 2011  
Page 2

We believe the CY2011 FCP/PACE capitation rates are reasonable. To date, the plans have reported their ability to operate within the payment rate when those rates are combined with other funding streams and full consideration is given to the portion of the population served that qualifies for Medicaid.

In reviewing the current rates and the proposal to leave rates unchanged from the prior year, we assessed the analysis performed to develop the base rates for CY2010. We believe the methods used to develop assumptions regarding the population that would receive services from these programs were reasonable.

Differences between our projections and actual results depend on the extent to which future experience conforms to the assumptions made for this analysis. It should be recognized that because future events frequently do not occur exactly as expected, there are usually differences between projected and actual results. Accordingly, there can be no assurance that actual experience will match our projections.

\*

\*

\*

This letter is intended to assist DHS with the development of CY2011 capitation rates for the Family Care Partnership and PACE programs. It may not be appropriate for other uses. PricewaterhouseCoopers does not intend to benefit and assumes no duty or liability to other parties who receive this work. It should only be reviewed in its entirety. It assumes the reader is familiar with the Wisconsin Medicaid programs, their benefits, and managed care rate setting principles.

The results in this letter and the capitation rate report upon which this letter is based, are technical in nature and are dependent upon specific assumptions and methods. No party should rely upon specific assumptions and methods. No party should rely upon these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals.

Mr. Tom Lawless  
January 19, 2011  
Page 3

Please call Sandi Hunt at 415-498-5365 or Jinn Lin at 312-298-3792 if you have any questions.

Sincerely,

*Sandra S. Hunt*

---

Sandra Hunt

*Jinn-Feng Lin*

---

Jinn-Feng Lin

Attachments

**Actuarial Certification of  
Family Care Partnership and PACE  
State of Wisconsin Department of Health Services**

I, Jinn-Feng Lin, am associated with the firm of PricewaterhouseCoopers. I am a member of the American Academy of Actuaries and meet its Qualification Standards to certify as to the actuarial soundness of the capitation rates developed for the Medicaid managed care programs known as the Family Care Partnership and PACE Programs. I have been retained by the Wisconsin Department of Health Services (DHS) to perform an actuarial certification of the Family Care Partnership and PACE Programs capitation rates for calendar year 2011 for filing with the Centers for Medicare and Medicaid Services (CMS). I have reviewed the capitation rates developed by DHS and am familiar with the Code of Federal Regulations, 42 CFR 438.6(c) and the CMS "Appendix A, PAHP, PIHP and MCO Contracts Financial Review Documentation for At-risk Capitated Contracts Ratesetting."

I have examined the actuarial assumptions and actuarial methods used by DHS in setting the capitation rates for calendar year 2011.

To the best of my information, knowledge and belief, for the period from January 1, 2011 to December 31, 2011, the capitation rates offered by DHS are in compliance with 42 CFR 438.6(c), with respect to the development of Medicaid managed care capitation rates. The attached letter describes the justification for certifying the final capitation rates. I believe that the capitation rates have been developed in accordance with generally accepted actuarial principles and practices, and are appropriate for the populations to be covered and the services to be furnished under the contract. The capitation rates are based solely on the projected costs for State Plan services.

In making my opinion, I have relied upon the accuracy of the underlying records and summaries prepared by DHS and the participating contracted MCOs. I reviewed the data for reasonableness; however, I performed no independent verification and take no responsibility as to the accuracy of these data.

The proposed actuarially sound rates shown are a projection of future events. It may be expected that actual experience will vary from the values shown here. Actuarial methods, considerations, and analyses used in developing the proposed capitation rates conform to the appropriate Standards of Practice promulgated from time to time by the Actuarial Standards Board.

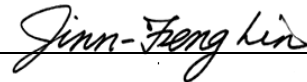
Actuarial Certification

January 19, 2011

Page 2

The capitation rates may not be appropriate for any specific MCO. Each MCO will need to review the rates in relation to the benefits provided. The MCOs should compare the rates with their own experience, expenses, capital and surplus, and profit requirements prior to agreeing to contract with the State. The MCO may require rates above, equal to, or below the proposed actuarially sound capitation rates.

This Opinion assumes the reader is familiar with the Wisconsin Medicaid program, Medicaid eligibility rules, and actuarial rating techniques. The Opinion is intended for the State of Wisconsin and Centers for Medicare and Medicaid Services 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 rate projections of the type in this Opinion, so as to properly interpret the projection results.



---

Jinn-Feng Lin

Member, American Academy of Actuaries

---

January 19, 2011

Date