15800 Bluemound Road
Suite 100
Brookfield, WI 53005
USA
Tel +1 262 784 2250
Fax +1 262 923 3680

milliman.com

December 6, 2018

Mr. Grant Cummings, Section Chief
Benefit Rate and Finance Section
Bureau of Long Term Care Financing
Division of Medicaid Services
1 West Wilson Street
Madison, WI 53703-0309

Re: CY 2019 PACE Capitation Rate Development

Dear Grant:

The Wisconsin Department of Health Services (DHS) retained Milliman, Inc. (Milliman) to develop, document, and certify its 2019 capitation rates for Wisconsin's Family Care, Family Care Partnership, and PACE Long Term Care (LTC) programs. This letter summarizes the development of the calendar year (CY) 2019 capitation rate for the PACE program.

We understand that this letter and summary exhibit may be shared with the participating managed care organizations (MCOs).

RESULTS

The CY 2019 capitation rate for the PACE program is $3,433.07 per member per month (PMPM). This value is $0.01 less than the "amount that would otherwise have been paid" (AWOP) for the individuals in the PACE program to be in compliance with the rate requirements of 42 CFR 460.182. Documentation of compliance with the December 2015 PACE Medicaid Rate Setting Guide is included as Appendix A.

The AWOP is developed from the mature managed care experience of the Family Care Partnership and PACE programs and reflects many adjustments to the base data to reflect specific characteristics of the PACE program. As a result, it is appropriate to contract at a PACE capitation rate that is only nominally lower than the AWOP calculated in this letter.

The PACE rates are prospective in nature and do not include any retrospective adjustments or incentives.

AWOP DEVELOPMENT METHODOLOGY

The starting AWOP is developed as part of the CY 2019 Family Care Partnership Rate / PACE AWOP report dated December 6, 2018, which is included as Appendix B to this letter. This AWOP already reflects a mature managed care environment, and we do not expect additional managed care savings to be realized by the PACE organization relative to those already realized by the Family Care Partnership program. The AWOP is the result of a very robust rate development exercise that includes numerous components, many of which are calculated specifically for the PACE population, including:

- Projected enrollment
- Projected target group distribution
- Projected Medicare eligibility distribution
- Projected age group distribution for Medicare eligibles
- Acute care risk score for Medicaid-only eligibles
- Long term care risk score for all eligibles
- Geographic wage relativity
- Market variability adjustment (at the MCO level)
- Administrative allowance (at the MCO level)

All of these components are described, quantified and applied to develop the starting AWOP as part of Appendix B.

The final AWOP includes one necessary adjustment not reflected in Appendix B. The PACE program retains financial liability for acute and primary costs for individuals with AIDS or ventilator dependency, while the Family Care Partnership program does not. Therefore, we increased the acute and primary service cost component of the starting AWOP ($271.20, seen in Exhibit I of Appendix B) by a factor of 1.023 to reflect the increased PACE liability. We developed this percentage as the ratio of the AIDS or ventilator dependent acute and primary service costs in the base period data to the Appendix B base period acute and primary costs. The resulting AWOP is $3,433.08.

If the AIDS or ventilator dependent individuals were enrolled in Family Care Partnership instead of PACE, DHS would still expect to be liable for total costs equal to the final AWOP. In addition to the starting AWOP cost outlined in Appendix B, the acute care costs for AIDS or ventilator dependent individuals would be reimbursed outside of the Family Care Partnership capitation on a FFS basis.

CAVEATS AND LIMITATION ON USE

We used MCO financial reporting, as well as encounter, eligibility, diagnostic, and functional screen data for CY 2016, CY 2017, and June 2018, and other information provided by DHS to develop the PACE AWOP and capitation rates shown in this report and appendices. This data was provided by DHS. We have not audited this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

In order to provide the information requested by DHS, we constructed several projection models. Differences between the capitation rates and actual MCO experience will depend on the extent to which future experience conforms to the assumptions made in the capitation rate development calculations. It is certain that actual experience will not conform exactly to the assumptions used. Actual amounts will differ from projected amounts to the extent that actual experience is higher or lower than expected. Any MCO

considering participating in PACE should consider their unique circumstances before deciding to contract under these rates.

Milliman prepared this report for the specific purpose of developing CY 2019 PACE AWOP and capitation rates. This report should not be used for any other purpose. This report has been prepared solely for the internal business use of, and is only to be relied upon by, the management of DHS. We understand this report may be shared with participating MCOs, CMS, and other interested parties. Milliman does not intend to benefit, or create a legal duty to, any third party recipient of its work. This report should only be reviewed in its entirety.

The results of this report are technical in nature and are dependent upon specific assumptions and methods. No party should rely on these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals.

The authors of this report are actuaries for Milliman, members of the American Academy of Actuaries, and meet the Qualification Standards of the Academy to render the actuarial opinion contained herein. To the best of their knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

The terms of Milliman's contract with the Wisconsin Department of Health Services effective on January 1, 2015 apply to this report and its use.

❖ ❖ ❖ ❖ ❖

Please let us know if you would like to discuss these results further.

Sincerely,

Michael C. Cook, FSA, MAAA
Principal and Consulting Actuary

James Johnson, FSA, MAAA
Actuary

MCC/zk

cc: Sonya Sidky, DHS
Elizabeth Doyle, DHS
John Meerschaert, Milliman
Lindsey Beers, Milliman

Attachments

Milliman

APPENDIX A

Responses to December 2015 PACE Medicaid Capitation Rate Setting Guide

APPENDIX A

Responses to December 2015 PACE Medicaid Capitation Rate Setting Guide

1. AWOP Development

    a. The acute and primary portion of the AWOP is developed separately for Medicare and Medicaid-only eligibles. The long term care portion of the AWOP is developed separately by target group (physically disabled, developmentally disabled and frail elderly). These rate categories are then blended together based on projected membership to develop a single value for each of the acute and primary and long term care service components of the AWOP.

    b. The AWOP is developed prospectively for the calendar year and does not include any retrospective adjustments or incentives.

    c. The AWOP is developed from recent managed care data and is adjusted in many ways to reflect the population enrolled in PACE. See Appendix B for the details of the data, assumptions and methodologies used to develop the starting AWOP.

2. Rate Development

    a. The rate development is consistent with the process outlined in the State Plan and is nominally lower than the rate that would have been paid had PACE individuals been enrolled in Family Care Partnership.

    b. Capitation rates will be paid prospectively on a PMPM basis and reflect the same level of rate category grouping as the AWOP.

    c. Capitation rates will be paid prospectively for the twelve month contract period beginning January 1, 2019 and ending December 31, 2019.

    d. Capitation rates are $0.01 lower than the AWOP. The PACE program has no incentive arrangements. Information on projected enrollment is included in Appendix B.

Milliman

APPENDIX B

2019 Starting AWOP Development Report

15800 Bluemound Road
Suite 100
Brookfield, WI 53005
USA
Tel +1 262 784 2250
Fax +1 262 923 3680

milliman.com

December 6, 2018

Mr. Grant Cummings, Section Chief
Benefit Rate and Finance Section
Bureau of Long Term Care Financing
Division of Medicaid Services
1 West Wilson Street
Madison, WI 53703-0309

[Sent via email: GrantR.Cummings@dhs.wisconsin.gov]

Re: CY 2019 Family Care Partnership / PACE Capitation Rate Report

Dear Grant:

Thank you for the opportunity to assist the Wisconsin Department of Health Services (DHS) with this important project. Our report summarizes the development of the CY 2019 capitation rates for Wisconsin's Family Care Partnership program and the amount that would otherwise have been paid (AWOP) rate for the Program of All-Inclusive Care for the Elderly (PACE). The final PACE capitation rate will be lower than the AWOP rate calculated in this report and will be addressed in a separate document.

❖ ❖ ❖ ❖ ❖

We look forward to discussing those results with you.

Sincerely,

Michael C. Cook, FSA, MAAA
Principal and Consulting Actuary
michael.cook@milliman.com

James Johnson, FSA, MAAA
Actuary
james.johnson@milliman.com

MCC/JJ/zk

Attachment

cc: Dave Varana, DHS
Sonya Sidky, DHS
Elizabeth Doyle, DHS
John Meerschaert, Milliman
Lindsey Beers, Milliman

State of Wisconsin
Department of Health Services
Calendar Year 2019 Capitation Rate Development
Family Care Partnership / PACE Program

Prepared for:
The State of Wisconsin
Department of Health Services

Prepared by:
Milliman, Inc.

Michael C. Cook, FSA, MAAA
Principal and Consulting Actuary

James Johnson, FSA, MAAA
Actuary

Lindsey E. Beers
Associate Actuary

15800 Bluemound Road
Suite 100
Brookfield, WI 53005
USA
Tel +1 262 784 2250
Fax +1 262 923 3680

milliman.com

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I. EXECUTIVE SUMMARY

This report documents the development of the January 2019 to December 2019 (CY 2019) capitation rates for Wisconsin's Family Care Partnership program and the amount that would otherwise have been paid (AWOP) rate for the Program of All-Inclusive Care for the Elderly (PACE) program. The final PACE capitation rate will be lower than the AWOP rate calculated in this report and will be addressed in a separate document. The Wisconsin Department of Health Services (DHS) retained Milliman to calculate, document, and certify its capitation rate development. The capitation rates developed in this report reflect only the Medicaid liability, and exclude Medicare liability for Dual Eligible members. We developed the capitation rates using the methodology described in this report.

Our role is to certify that the CY 2019 Family Care Partnership capitation rates produced by the rating methodology are actuarially sound to comply with Centers for Medicare and Medicaid Services (CMS) regulations. We developed actuarially sound capitation rates using published guidance from the American Academy of Actuaries (AAA), CMS, and federal regulations to ensure compliance with generally accepted actuarial practices and regulatory requirements.

CY 2019 CAPITATION RATES

This report includes the development of the long-term care (LTC) and acute care services Managed Care Equivalent (MCE) rates and any additional policy adjustments made to the MCE that are known and quantifiable at this time. We use the term "Managed Care Equivalent" to mean the projected CY 2019 LTC and acute and primary service and administrative costs prior to removing the High Cost Risk Pool (HCRP) withhold and prior to adding targeted margin loads or program changes implemented since the base period.

The statewide average capitation rate for CY 2019 is $3,741.19 for the Family Care Partnership / PACE population before removing the pooled claims amount. The statewide average CY 2019 MCE rate is $3,650.74. The capitation rates add targeted margin and the market variability adjustment to the MCE rates. Table 1 shows the statewide rate change from the CY 2018 MCE to the CY 2019 MCE.

Table 1
Wisconsin Department of Health Services
Comparison of CY 2018 and CY 2019 MCE Rates

CY 2018 Rates	$3,660.54
CY 2019 Rates	$3,650.74
% Change	-0.3%

The 0.3% decrease in MCE rates from CY 2018 to CY 2019 can be broken down as follows:

- 1.7% decrease due to the difference between actual CY 2017 LTC costs and the CY 2017 LTC costs predicted as part of CY 2018 rate development, adjusted to match the Family Care Partnership / PACE average acuity level. This includes the difference in the underlying target group distribution between CY 2016 and CY 2017.

- 1.0% decrease due to differences in one-year cost and acuity trend values applied to move CY 2017 costs to CY 2018 costs in the CY 2019 rate development versus the CY 2018 rate development. This includes a decrease in the average acuity level for members entering GSR 12 from the Legacy Waiver program due to Family Care expansion in that region, as well as higher service cost trends than were used for CY 2018 rate development.

- 0.5% increase due to the application of service cost trend to project CY 2018 costs to CY 2019.

- 0.9% increase due to the application of acuity trend to project CY 2018 acuity to CY 2019.
- 0.0% increase due to the increase in the Partnership / PACE add-on.
- 0.8% increase due to the projection of CY 2019 acute and primary service costs.
- 0.2% increase due to an increased administrative allowance.

The change in MCE rates for the DD, PD, and FE target groups is -1.5%, -2.6%, and -3.0%, respectively. The rate change by target group differs from the composite change due to the impact of target group automation changes and target group-specific service cost and acuity trend values. Due to the difference in target group distribution between CY 2018 and CY 2019, the rate decrease is smaller in composite than for each individual target group.

Projected CY 2019 expenditures split between federal and state liability are included as Appendix B.

METHODOLOGY CHANGES FROM CY 2018 RATES

The CY 2019 capitation rate methodology reflects several changes to the CY 2018 rate methodology. The most significant changes are listed and described below.

2017 Target Group Automation Algorithm Changes

Effective January 2017, certain changes were made to the target group automation algorithm derived from the Long-Term Care Functional Screen (LTCFS) administered to program participants at least annually. Principal among these changes was to move physically disabled members into the frail elder target group effective with their first screen after age 65. A further analysis of the operationalization of the target group automation algorithm identified a portion of members previously being assigned to the PD or FE target groups where the types of assistance needed now classify the member as DD. For base data development, the target group definition derived from members' functional screens collected prior to the changes was adjusted to be consistent with the LTCFS changes. Therefore, the base data and 2019 rates are developed on a basis that fully reflects the target group algorithm changes.

Nursing Home / PCA Rate Adjustments

For the CY 2018 capitation rates, DHS included two rate adjustments: An allowance to reflect the 3% nursing home per diem increase and 2% personal care assistance reimbursement increase effective July 1, 2017, and an allowance to reflect the 2.8% nursing home per diem increase and 2% personal care assistance reimbursement increase effective July 1, 2018. These adjustments continue for CY 2019 capitation rates and are discussed in more detail in this report.

Durable Medical Equipment Rate Reductions

For CY 2019 capitation rates, DHS is including an adjustment to account for reductions in the Medicaid fee schedule for durable medical equipment (DME) services in order to come into compliance with the 21st Century Cares Act, which requires that the Medicaid fee schedule for DME services be no higher than the Medicare rate. This reduction is phased in over several years, with the first change effective January 1, 2019.

DATA RELIANCE AND IMPORTANT CAVEATS

We used MCO financial reporting, as well as encounter, eligibility, diagnostic, and functional screen data for CY 2016, CY 2017, and June 2018, and other information provided by DHS to develop the Family Care Partnership capitation rates and the PACE AWOP rate shown in this report. This data was provided by DHS. We have not audited this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

In order to provide the information requested by DHS, we constructed several projection models. Differences between the capitation rates and actual MCO experience will depend on the extent to which future experience conforms to the assumptions made in the capitation rate development calculations. It is certain that actual experience will not conform exactly to the assumptions used. Actual amounts will differ from projected amounts to the extent that actual experience is higher or lower than expected. Any MCO considering participating in Family Care Partnership / PACE should consider their unique circumstances before deciding to contract under these rates.

Milliman prepared this report for the specific purpose of developing CY 2019 Family Care Partnership capitation rates and the PACE AWOP rate. This report should not be used for any other purpose. This report has been prepared solely for the internal business use of, and is only to be relied upon by, the management of DHS. We understand this report may be shared with participating MCOs, CMS, and other interested parties. Milliman does not intend to benefit, or create a legal duty to, any third party recipient of its work. This report should only be reviewed in its entirety.

The results of this report are technical in nature and are dependent upon specific assumptions and methods. No party should rely on these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals.

The authors of this report are actuaries for Milliman, members of the American Academy of Actuaries, and meet the Qualification Standards of the Academy to render the actuarial opinion contained herein. To the best of their knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

The terms of Milliman's contract with the Wisconsin Department of Health Services effective on January 1, 2015 apply to this report and its use.

II. BACKGROUND

Family Care Partnership and PACE are full-risk, fully-integrated Medicaid-Medicare managed care delivery systems for the full range of LTC and acute and primary care services, which strive to foster people's independence and quality of life. Participating MCOs have contracts with both the State of Wisconsin and with CMS, and receive monthly capitation payments from each entity for dually eligible beneficiaries.

Since 1999, Family Care Partnership has served people ages 18 and older with physical disabilities, people with intellectual / developmental disabilities, and frail elders, with the specific goals of:

- Improving quality of health care and service delivery while containing costs
- Reducing fragmentation and inefficiency in the existing health care delivery system
- Increasing the ability of people to live in the community and participate in decisions regarding their own health care

PACE is a national model of care delivery for beneficiaries aged 55 and older. While the covered benefit set is identical to Family Care Partnership, the care delivery model is different with a focus on service delivery in day health centers.

Eligibility for Family Care Partnership and PACE is determined through the Wisconsin Long Term Care Functional Screen and detailed decision trees involving individual information about type of disability, activities of daily living, instrumental activities of daily living, and certain other medical diagnoses and health related services. All members in this program meet the Nursing Home Level of Care criteria. Enrollment in Family Care Partnership and PACE is voluntary. The risk adjustment model mechanism helps to adjust rates for any differences in average member acuity over time.

Family Care Partnership operates in 14 Wisconsin counties, which are grouped into 7 distinct Geographic Service Regions (GSRs), consistent with the Family Care program definitions, for rate setting and other purposes. PACE operates in Milwaukee County, Waukesha County, and Racine County. MCOs contract with service providers to deliver all State Plan and waiver LTC services, as well as all acute care and primary care services.

III. ACUTE AND PRIMARY SERVICE COST METHODOLOGY OVERVIEW

This section of the report describes the acute and primary service cost portion of the CY 2019 Family Care Partnership / PACE capitation rate methodology.

The methodology used to project the MCO encounter data used in the calculation of the capitation rates can be outlined in the following steps:

1. Extract and summarize repriced CY 2017 MCO encounter base experience data for the Dual Eligible and Medicaid Only populations by target group.

2. Further summarize CY 2017 MCO encounter base experience data by age and gender groupings.

3. Apply IBNR and other adjustments to project CY 2019 services costs.

4. Blend the projected CY 2019 service costs into a MCO / GSR specific projected cost.

Each of the above steps is described in detail below.

STEP 1: EXTRACT AND SUMMARIZE REPRICED ENCOUNTER BASE EXPERIENCE DATA

In this step the MCO encounter experience for CY 2017 is summarized by MCO / GSR and service category for the populations enrolled in the Family Care Partnership / PACE program.

Exhibits A1 and A2 show the summarized repriced CY 2017 MCO encounter base experience data by target group for the Dual Eligible and Medicaid only populations, respectively.

Please see Appendix A for a map showing the counties included in each GSR.

Base Data

We received detailed MCO encounter claims data from DHS for claims with dates of service between January 2017 and December 2017 with dates of payment through April 2018. This encounter data includes both services for which Medicaid is the primary payer, as well as costs associated with Medicare cost sharing. The encounter data was adjusted by DHS to better reflect the allocation of cost between Medicare and Medicaid, completeness of encounters, recognition of full costs associated with subcapitated services, and delivery of services provided by MCO internal staff. The most substantial adjustment performed was a correction to the allocation between Medicare and Medicaid performed by one MCO for pharmacy claims, resulting in a decrease of 25% to the total reported acute and primary experience across all MCOs. The remaining adjustments resulted in a net increase of 2%.

Subcapitated encounters comprise approximately 1.1% of total acute and primary services. There are no acute and primary services provided in lieu of State Plan covered services.

We had several discussions with DHS about the most appropriate methodology to follow in adjusting and repricing the encounter data, and we reviewed the resulting adjustments for reasonability. We also reviewed and summarized the data and compared to previous rate reports for accuracy and completeness.

Under the contract between DHS and the MCOs, the MCOs are not ultimately liable for acute and primary service costs, reimbursed up to the FFS fee schedule, associated with members meeting certain criteria associated with AIDS or ventilator dependency. Therefore, we excluded all base period acute and primary costs for members identified using the same criteria. No costs for these services were reported in excess of the FFS fee schedule.

It is our understanding that the base experience data complies with requirements of 438.602(i).

The CY 2019 rate methodology relies on CY 2017 MCO encounter data for all MCO / GSR combinations.

Target Group Assignment

The capitation rates rely on each member's classification in one of three target groups: Developmentally Disabled, Physically Disabled, and Frail Elderly. Each Family Care Partnership / PACE enrollee is assigned a target group based on information collected by the LTCFS system. The assigned target group is only valid for the period covered by the screen. Therefore, individuals could potentially change target group at each screening.

Beginning in January 2017, certain updates were made to the target group automation algorithm which resulted in changes to members' target groups. Principal among these changes is that all individuals not assigned to the Developmentally Disabled target group who were age 65 or over were assigned to the Frail Elderly target group. A further analysis of the operationalization of the target group automation algorithm identified a portion of members previously being assigned to the PD or FE target groups where the types of assistance needed now classify the member as DD. The target group to which a member is classified was not updated as a result of the automation algorithm change until they receive their first screen after January 2017. As a result, a portion of a member's enrollment was assigned a target group based on the previous methodology. To address this issue, each member's target group, which was assigned based on an LTCFS collected prior to January 2017, was replaced with the member's target group assigned on the first screen collected after January 2017, which reflects the target group automation algorithm changes. For members who lapsed eligibility prior to receiving a screen after January 2017, the target group for all eligibility months during CY 2017 was only changed in the event that the member was assigned to the Physically Disabled target group and was age 65 or over. In this scenario, the member would be reassigned to the Frail Elderly target group.

STEP 2: SUMMARIZE CY 2017 MCO ENCOUNTER DATA BY AGE AND GENDER GROUPINGS

In this step we further summarize the base period experience data for the Dual Eligible population by age and gender category. The age / gender classification is used as a form of risk adjustment for the Dual Eligible population as described in Step 4 below. Because of the small number of Medicaid Only beneficiaries, we do not project their service costs separately by age and gender; rather, we risk-adjust those costs in Step 4.

Exhibit B1 shows the detailed summary of the base experience period data by age and gender groupings for each target group and Medicare eligibility status.

STEP 3: APPLY IBNR AND OTHER ADJUSTMENTS TO PROJECT CY 2019 SERVICE COSTS

In this step we apply an adjustment to the base period costs to account for outstanding service cost liability and to reflect differences between the base period encounter data and the projected CY 2019 Family Care Partnership / PACE program service costs. Each adjustment factor is explained in detail below.

Exhibit B2 shows the adjusted and trended values for each target group and age / gender breakout for each target group and Medicare eligibility status.

IBNR Adjustment

Because of the small enrollment base and amount of claim runout available to us, we developed a single completion factor of 1.005 for non-pharmacy claims. All pharmacy claims are assumed to be complete due to the amount of claim runout considered and the quick completion pattern of pharmacy claims.

We used Milliman's *Claim Reserve Estimation Workbook (CREW)* to calculate the completion factor used for the CY 2017 data. *CREW* calculates incurred but not reported (IBNR) reserve estimates using the lag completion method.

The lag method reflects the historical average lag between the time a claim is incurred and the time it is paid. In order to measure this average lag, claims are separated by month of incurral and month of payment. Using this data, historical lag relationships are used to estimate ultimate incurred claims (i.e., total claims for a given incurral month after all claims are paid) for a specific incurral month based on cumulative paid claims for each month.

Service Cost, Utilization, and Acuity Trend from CY 2017 to CY 2019

Trend rates were used to project the CY 2017 baseline cost data beyond the base cost period to the CY 2019 contract period, to reflect changes in provider payment levels, average service utilization and mix, and changes in member acuity. Separate trends were not developed for utilization, unit cost, and acuity. Milliman and DHS reviewed the following information to determine the annual trend rates:

- Historical encounter data experience
- Budgeted provider rate increases
- Known policy changes that may impact utilization patterns
- Industry experience for other comparable Medicaid programs

We reviewed experience trends for the Family Care Partnership / PACE programs in recent years as the primary support for trend development. Given the large variances in experience trends for each program, we did not feel comfortable using those trends at the category of service level. Instead, we used an overall trend rate of 5.0% applied to all services, consistent with historical experience for the Family Care Partnership / PACE programs. Please see Appendix C for a summary of historical trends from CY 2014 through CY 2017.

Treatment of IMD Costs

Effective July 5, 2016, federal regulation requires rate development to include special treatment for costs associated with stays in an Institution for Mental Diseases (IMD) for individuals between ages 21 and 64. We identified no IMD stays of over 15 days during CY 2017 for individuals in this age range.

IMD stays of 15 days and under for individuals in this age range were observed only for Dual Eligible members; we made no repricing adjustment to IMD short stay costs for Dual Eligible members, because the Medicaid payments were associated with Medicare cost sharing. This cost would not have changed if the care would have been provided in an inpatient hospital.

DME Rate Adjustment

The 21st Century Cares Act requires that the Medicaid fee-for-service rate for DME services be no higher than the Medicare rate. The reduction in the Medicaid fee schedule is phased in over several years, with the first change effective January 1, 2019. It is expected that MCO reimbursement for DME services is consistent with the Medicaid fee-for-service rate. DHS determined that the reduced DME rates will result in

a decrease of approximately $148,000 to acute and primary service costs, resulting in a decrease of 0.6%. An additional adjustment is made to account for DME services allocated to LTC in Section IV of this report.

STEP 4: BLEND PROJECTED SERVICE COSTS BY TARGET GROUP

In this step we blend the projected CY 2019 service costs for each target group, Medicare eligibility status, and age gender grouping based on the projected CY 2019 target group membership. Exhibit C shows the projected CY 2019 enrollment distribution while Exhibits D1 to D3 show the blended acute and primary service cost by MCO / GSR for the Dual Eligible, Medicaid Only, and total populations, respectively.

The age / gender and target group breakout is used as a form of risk adjustment for the Dual Eligible population since the costs can materially differ among these rate cells.

Effective January 1, 2019, iCare will participate in Family Care Partnership in GSR 3, and as such, has no enrollment during CY 2017. The projected acute and primary cost for iCare in GSR 3 is developed using enrollment distribution by age / gender that reflects all Family Care Partnership enrollees in that GSR.

Risk Adjustment of Medicaid Only Service Cost

Medicaid Only enrollees in the Family Care Partnership / PACE program incur acute care costs that are fully the liability of the participating MCOs, as compared to only Medicare cost sharing for Medicare covered services for Dual Eligibles. As a result, we developed an aggregate cost and used a diagnostic based risk adjustment to determine cost variance by MCO. We used the Medicare Hierarchical Condition Category (HCC) model developed by Verisk to determine relative payment rates for Medicaid Only enrollees. We used diagnostic data as provided by the MCOs with the V2218.79.O1 version of the HCC model published by CMS. Since the baseline costs are developed using all counties' experience, the acuity adjustment is budget neutral across the program as a whole. We renormalize risk scores after applying the limits to the risk score variation to maintain budget neutrality.

Due to the very small number of Medicaid Only enrollees, there is significant variation in MCO / GSR level risk scores, which we do not expect to persist over time. Therefore, we applied a credibility adjustment for MCO / GSR combinations with less than 1,200 Medicaid Only member months in CY 2017. The credibility-adjusted risk score is calculated as

$$\text{Credibility-Adjusted Risk Score} = 1 + \sqrt{\frac{\text{Member Months}}{1{,}200}} \times (\text{Normalized Risk Score} - 1).$$

We further limit MCO / GSR level risk scores to a range of 0.90 to 1.10.

Table 2 below shows the calculated risk score for each MCO / GSR.

Table 2
Wisconsin Department of Health Services
Risk Adjustment Factors for Medicaid Only Population

MCO / GSR	Risk Adjustment Factor
Care Wisconsin (GSR 3)	1.0385
Care Wisconsin (GSR 5)	0.9000
Care Wisconsin (GSR 6)	1.0517
Care Wisconsin (GSR 12)	1.1000
iCare (GSR 3)	1.0385
iCare (GSR 8)	0.9265
iCare (GSR 11)	0.9292
iCare (GSR 12)	1.0874
CCHP - PACE	0.9990
CCHP (GSR 6)	1.0517
CCHP (GSR 8)	0.9300
CCHP (GSR 10)	0.9233
CCHP (GSR 11)	1.0408

MCO / GSR acute and primary service costs are illustrated in Exhibit D after blending across projected 2019 membership and applying budget neutral risk adjustment for Medicaid-only eligibles.

The acute and primary care risk adjustment mechanism has been developed in accordance with generally accepted actuarial principles and practices.

IV. LONG-TERM CARE SERVICE COST METHODOLOGY OVERVIEW

This section of the report describes the CY 2019 Family Care Partnership / PACE capitation rate methodology for the Long-Term Care portion of the rate.

The methodology used to calculate the LTC portion of the capitation rates can be outlined in the following steps:

1. Apply adjustments to the Family Care base cost relativities for the member acuity level of each MCO / GSR combination and target group using June 2018 screens and the functional status acuity model

2. Apply adjustments to the risk adjusted costs to project CY 2019 services costs for each MCO / GSR combination and target group

3. Add HCRP Pooling Charge

4. Apply Market Variability Adjustment

5. Blend the projected CY 2019 service costs by target group into a MCO specific projected cost

Each of the above steps is described in detail below.

STEP 1: APPLY RISK ADJUSTMENT RELATIVITIES FOR EACH MCO / GSR AND TARGET GROUP

In this step, we start with the CY 2017 Family Care Nursing Home Level of Care (NH LOC) experience data PMPM and apply a risk adjustment factor to reflect the relative acuity of the June 2018 Family Care Partnership / PACE enrollees to develop MCO / GSR specific rates. This data reflects payments net of any third party liability. These costs are also gross of member cost share / patient liability, as DHS adjusts capitation payments to MCOs for each member to reflect that particular member's cost share.

Table 3 below shows the CY 2017 Family Care NH LOC experience data PMPM net of the High Cost Risk Pool by target group.

Table 3
Wisconsin Department of Health Services
Family Care Base Experience Costs PMPM

Target Group	Cost PMPM
Developmentally Disabled	$3,631.85
Physically Disabled	$2,326.31
Frail Elderly	$2,521.26

Functional Status Acuity Model Cost Restatement

We developed functional status models for each target group of NH LOC individuals enrolled in Family Care. These functional status models are used to model the CY 2017 LTC service cost for a population based on their LTCFS. The development of these models is described in the CY 2019 Family Care rate report dated December 6, 2018. These functional status models are shown in Exhibits E1 to E3 for the Developmentally Disabled, Physically Disabled, and Frail Elderly population, respectively.

The functional status regression models are calibrated to the CY 2017 Family Care experience for each target group for the base cohort population. For example, the CY 2017 Family Care experience for the developmentally disabled population adjusted for pooled claims and IBNR liability of $3,631.85 found in Exhibit B of the Family Care capitation rate report can be matched to the sum of the "Incremental Increase" column in Exhibit C1 of the same report. A similar comparison can be made for each target group.

We do not believe the Family Care Partnership / PACE program to be of sufficient size to support its own acuity model. Given the significant similarity of covered populations, benefits, provider reimbursement, and geography between the Family Care and Family Care Partnership / PACE populations, we believe the Family Care acuity model is the most appropriate to use for the Family Care Partnership / PACE population.

The functional status regression model is developed using Family Care data that includes care management costs. Additional nurse practitioner case management services delivered in the Partnership / PACE program due to the broader service coverage of the program are accounted for in Step 2 of this section.

The "Proportion with Variable" statistics shown in Exhibit E of this report represent the proportion of the base cohort target group population identified with each variable used in the regression model. This is identified directly from a review of an individual's functional screen. It is calculated as "number of individuals with condition" divided by "number of individuals in the target group base cohort."

The "Statewide Estimate" in Exhibit E represents the estimated incremental dollar cost associated with each variable for the entire target group base data cohort. The values are the result of the multivariable linear regression exercise.

The product of the statewide estimate and the proportion with variable equals the "incremental increase" value. The sum of the incremental increase values equals the total PMPM target group base data cohort cost. For example, the sum of the incremental increase values on Exhibit E1 is $3,631.85, which is equal to the DD completed base data cost on Exhibit G1.

We used information contained in the LTCFS for the Family Care Partnership / PACE population enrolled in June 2018 to develop MCO / GSR specific modeled LTC service costs and risk scores. Exhibits F1, F2, and F3 show the proportion of the June 2018 enrolled population with each variable for the three functional status models used in calculating the MCO / GSR specific risk score.

The column labeled "MCO / GSR Specific Risk Adjusted Rate" in Exhibit G illustrates the acuity-adjusted service cost for each MCO / GSR combination using the base period regression model (reflecting the CY 2017 utilization and unit cost structure for Family Care) and the June 2018 Family Care Partnership / PACE population functional screens.

For informational purposes, Table 4 below illustrates an increase in average modeled acuity between CY 2017 and the June 2018 snapshot for the Family Care Partnership / PACE population each year. This information is not directly utilized in rate development, as rates are built up from the 2017 Family Care acuity model and June 2018 Family Care Partnership / PACE functional screens.

Table 4
Wisconsin Department of Health Services
Acuity Change Between CY 2017 and June 2018

Target Group	Acuity Change
Developmentally Disabled	+0.78%
Physically Disabled	-1.08%
Frail Elderly	-0.20%

The functional screen risk adjustment mechanism has been developed in accordance with generally accepted actuarial principles and practices.

STEP 2: APPLY ADJUSTMENTS TO RISK ADJUSTED COST TO PROJECT CY 2019 SERVICES COSTS

In this step, we apply adjustment factors to reflect differences between the base period encounter data and the projected CY 2019 Family Care Partnership / PACE program service costs. Each adjustment factor is explained in detail below.

Exhibit G shows adjusted and trended values for each target group and in total.

Partnership / PACE Add-On Amount

We add a PMPM adjustment of $103.76 for the additional benefits offered under the Family Care Partnership / PACE program, which is mainly comprised of nurse practitioner services. The PMPM amount is calculated as described below:

1. Calculate the 2017 Family Care Partnership / PACE Care Management expenses of $528.03 PMPM using the Care Management costs from the audited financial statements and base period member months

2. Calculate Care Management expense amount in excess of those provided under the Family Care program by subtracting the 2017 Care Management PMPM for the Family Care program from the 2017 Family Care Partnership / PACE Care Management PMPM. The Family Care Partnership / PACE Care Management expenses are $170.66 greater than the $357.37 experienced under Family Care

3. Calculate the percentage of total revenue attributable to Medicaid (60.8%) using information from the audited financial statements

4. Estimate the portion of excess Care Management expenses attributable to Medicaid by multiplying the amount developed in Step 2 by the percentage of Medicaid revenue developed in Step 3. 60.8% * $170.66 = $103.76 PMPM

Service Cost Trend from CY 2017 to CY 2019

Service cost trend rates were used to project the CY 2017 baseline cost data to the CY 2019 contract period, to reflect changes in provider payment levels and changes in average service utilization and mix. This requires application of 24 months of trend from the midpoint of the baseline cost period to the contract period. To assist in developing these trend rate projections, we analyzed monthly Family Care MCO encounter data from CY 2015 through CY 2017 in a number of different ways using data consistent with the Family Care MCO / GSR combinations included in base data development. The trend analysis excludes Family Care Partnership / PACE LTC encounter data because of the small size and incompleteness of the historical data. Given the significant similarity of covered populations, benefits, provider reimbursement, and geography between the Family Care and Family Care Partnership / PACE populations, we believe the Family Care trend rates are the most appropriate to use for the Family Care Partnership / PACE population. As a result of our trend study, we selected annual PMPM service cost trends of 0.00%, 1.60%, and 0.00% for the DD, PD, and FE target groups, respectively. Appendix D summarizes our analysis. The trend study and selected trends are before the application of the nursing home per diem trend add-on, described in this section.

The trend analysis was completed for monthly PMPM costs on a raw basis and on an acuity-adjusted basis. Since this rate development process applies acuity adjustments separately from service cost trend, we considered the acuity-adjusted trends in rate development. There were no material program changes in the base data time period for which to adjust the data in the trend analysis.

The 2018-19 Wisconsin biennial budget directs DHS to provide a 3.00% rate increase for nursing home per diems for SFY 2018 and a 2.80% increase for SFY 2019. This results in an annualized nursing home per diem trend of 2.46% between the base experience period of CY 2017 and the rate period of CY 2019. However, the trend development methodology would only capture the historical annualized per diem trend of 1.26% between CY 2015 and CY 2017. To bridge this 1.20% gap, we developed a trend adjustment by multiplying the 1.20% trend gap by the statewide percentage of nursing home costs included in the base experience data for each target group separately. This adjustment is added to the selected total cost trends. Table 5 below shows the total annual PMPM trend rates by target group assumed for combined pooled and non-pooled costs.

Table 5
Wisconsin Department of Health Services
Family Care Program Nursing Home Per Diem Trend Add-On
Nursing Home and Non-Nursing Home Level of Care Populations

Target Group	Percentage of Nursing Home Cost in Base Period Data	Trend Adjustment
Nursing Home LOC		
Developmentally Disabled	3.6%	0.04%
Physically Disabled	12.8%	0.15%
Frail Elderly	20.8%	0.25%
Non-Nursing Home LOC		
All Target Groups	1.6%	0.02%

Table 6 illustrates the combined pooled and non-pooled service cost trend values implemented for the CY 2019 rate development split between utilization and unit cost trends for each target group. The values are consistent with the historical trend analysis described above. The trends are comparable to trends realized in other Medicaid managed long term care programs, after accounting for member acuity trends.

Table 6
Wisconsin Department of Health Services
Annual Trend Rates by Target Group

Target Group	Annual Utilization Trend	Annual Unit Cost Trend	Annual PMPM Trend
Developmentally Disabled	0.15%	-0.11%	0.04%
Physically Disabled	1.29%	0.45%	1.75%
Frail Elderly	-0.74%	1.00%	0.25%

The combined pooled and non-pooled service cost trends shown above are further segmented into trend rates for claims above and below the HCRP threshold. We performed a multiyear analysis of historical levels of claims exceeding the HCRP threshold, which indicate the cost trend for these services is higher than the trend for all costs for two of the three target groups. This is usually the case for any pooled claims mechanisms, such as the HCRP, because of claim leveraging effects. We developed separate trends for costs under and over the HCRP threshold, which together aggregate to the selected trends for all costs.

Table 7 below shows our average annual trends for the amounts exceeding the HCRP threshold and resulting trend rates for the amounts below the HCRP.

Table 7
Wisconsin Department of Health Services
Average Annual Trend Rates by Target Group

Target Group	HCRP Amount Trend	Net PMPM Trend	Total PMPM Trend
Developmentally Disabled	15.0%	-0.14%	0.04%
Physically Disabled	50.0%	1.32%	1.75%
Frail Elderly	0.0%	0.25%	0.25%

Acuity Adjustment from CY 2018 to CY 2019

In order to develop rates based on expected CY 2019 member acuity levels, we apply one year of projected acuity trend to the June 2018 acuity-adjusted costs. As part of the historical trend study, we developed CY 2015 to CY 2017 changes in average acuity for each target population. The acuity trend study was performed in conjunction with the service cost trend study, and all data and the methodology utilized were the same. The results of the acuity trend study are included in Appendix D. Those same acuity results were used to develop the risk-adjusted service costs underlying the service cost trend development. We believe these changes in average acuity, as outlined in Table 8 below, are appropriate to assume continuing for CY 2018 to CY 2019.

Table 8
Wisconsin Department of Health Services
Annual Trend Rates by Target Group

Target Group	Annual Acuity Trend
Developmentally Disabled	2.10%
Physically Disabled	-0.30%
Frail Elderly	1.20%

Geographic Wage Adjustment

The functional status acuity model does not include a consideration for the difference in service costs associated with providing care in different regions of the Family Care Partnership / PACE service area. Therefore, we analyzed the differences in typical service provider wages, as surveyed by the U.S. Bureau of Labor Statistics (BLS), for each GSR relative to the total Family Care Partnership / PACE service area to develop factors that adjust projected service costs up or down for each GSR.

We developed county factors based on the wage levels paid in each of the Family Care Partnership / PACE service regions relative to the GSRs included in the Family Care base data for five broad categories of service. DHS previously developed an anticipated distribution of provider occupations for each category of service. As such, we used wage data reported by the BLS as of May 2017 (downloaded on July 15, 2018) for the following occupations: Registered nurses, licensed practical nurses, medical and public health social workers, social and human services assistants, home health aides, and personal care / home care aides. The relative wage factors for each category of service were aggregated to one factor for each county using the relative Family Care costs for these services for all MCOs combined in the base cohort. Family Care Partnership / PACE costs by category of service were not credible enough to be used for this analysis.

Wage factors were first calculated for each county individually. Then these county factors were weighted based on projected CY 2019 enrollment for Family Care Partnership / PACE in order to develop aggregate factors for each GSR, as detailed in Table 9 below. Because projected CY 2019 enrollment is used to weight the factors, this adjustment will not be revenue neutral to the degree the enrollment distributions differ between CY 2017 and CY 2019.

Table 9
Wisconsin Department of Health Services
CY 2019 Geographic Wage Adjustment Factors
Family Care Program

GSR	Calculated Factor	Dampened Factor
GSR 3	0.9464	0.9625
GSR 5	0.9882	0.9917
GSR 6	1.0191	1.0134
GSR 8	1.0191	1.0134
GSR 10	0.9959	0.9971
GSR 11	1.0340	1.0238
GSR 12	1.0678	1.0474
PACE Service Area	1.0191	1.0134

Based on previous analyses performed by DHS, in collaboration with the MCOs, it was determined that, on average, 70% of an MCO's service cost would be impacted by wage differentials. Therefore, the dampened factors in the last column of the above table were utilized in CY 2019 rate development. This adjustment is reflected in Exhibit G. For example, the GSR 3 calculated factor of 0.9464 is dampened to (1 + (0.9464 – 1) * 70%) = 0.9625.

Given the nature of the services provided under the contract, it was reasonable to us that the majority of the costs of providing services would be related to practitioner wages. However, the task of performing a cost study to ascertain the portion of provider costs associated with employee wages was outside the scope of our engagement.

Personal Care Rate Increase

The 2018-19 Wisconsin state budget directs DHS to increase fee-for-service personal care rates by 2% effective July 2017 and an additional 2% increase effective July 2018. Accompanying this rate increase is the expectation that Family Care Partnership / PACE MCOs will also implement these rate increases effective January 2018 and January 2019. Therefore, we applied an adjustment equivalent to 4% of personal care costs as part of this rate development. Personal care costs represented between 0.19% and 0.80% of base period costs across the three target groups. Applying these rate increases to these portions of the cost results in adjustments of 0.01%, 0.03%, and 0.01% for the DD, PD, and FE target groups, respectively. This adjustment is made in column F5 of Exhibit G1.

DME Rate Adjustment

The 21st Century Cares Act requires that the Medicaid fee-for-service rate for DME services be no higher than the Medicare rate. The reduction in the Medicaid fee schedule is phased in over several years, with the first change effective January 1, 2019. It is expected that MCO reimbursement for DME services is consistent with the Medicaid fee-for-service rate. DHS determined that the reduced DME rates will result in a decrease of approximately $940,000 across the NH LOC and Non-NH LOC populations in Family Care. This reduction was allocated across each NH LOC target group, which resulted in decreases to the projected service costs of 0.04%, 0.16%, and 0.07% for the DD, PD, and FE target groups, respectively.

STEP 3: ADD HCRP POOLING CHARGE

The Family Care Partnership program includes an HCRP for each of the target group populations. The HCRP is targeted to cover 80% of provider service costs above $225,000 for each individual and excludes case management expenses due to increased administrative burden to include them in this process. The final payout will be calculated separately for the Developmentally Disabled population and for the combined Physically Disabled / Frail Elderly populations. The PACE program is excluded from the HCRP.

The HCRP is budget neutral to the program in total in that all pool funds, and no more, will be returned to the MCOs after the end of the contract period. If the target group high cost pools are insufficient to reimburse 80% of provider services costs in excess of $225,000 for each individual, each MCO will receive reimbursement proportional to their percentage of qualifying costs until the pool is exhausted. If the target group high cost pools are more than sufficient to reimburse qualifying high costs, the remaining pooled funds will be returned to each MCO proportional to their contract period enrollment.

The CY 2019 Family Care functional status risk model was calibrated to CY 2017 costs net of the HCRP costs removed from the CY 2017 base period data. To project CY 2019 costs gross of the HCRP withhold, Developmentally Disabled, Physically Disabled, and Frail Elderly costs are increased by $55.71 PMPM, $36.44 PMPM, and $0.42 PMPM, respectively. These are based on the same withhold base period values and projection factors utilized in the CY 2019 Family Care acuity model and rate development with the following exceptions:

- The composite geographic wage adjustment reflects the Family Care Partnership service area
- The phase-in adjustment for expansion GSRs and counties is excluded since it is not applicable to 2019 Family Care Partnership rate development
- The target group acuity for Family Care Partnership replaces the Family Care acuity projections

We do not believe the Family Care Partnership program to be of sufficient size to support its own acuity model. In addition, since the Family Care Partnership rate development utilizes a risk model that is net of the HCRP, it is appropriate to use the same HCRP projection data and methodology. For those same reasons, we do not feel comfortable using the Family Care Partnership data to develop the HCRP percentages. Given the significant similarity of covered populations, benefits, provider reimbursement, and geography between the Family Care and Family Care Partnership populations, we believe the Family Care HCRP percentages are the most appropriate to use for the Family Care Partnership population.

The High Cost Risk Pool mechanism has been developed in accordance with generally accepted actuarial principles and practices and is cost neutral to the state in total.

STEP 4: APPLY MARKET VARIABILITY ADJUSTMENT

The level of care management cost savings actually realized for each MCO / GSR combination will vary based on a number of factors, including availability of a comprehensive community-based service array, MCO experience and effectiveness, provider negotiating leverage, and advocate community impacts. In order to incorporate this variability into rate development, we apply reasonable and appropriate market variability adjustments targeted to each MCO based on their business projections for the contract period. The goal of the adjustment is to apply reasonable factors that target contracted capitation rates that better match expected service costs, given the historical MCO service cost performance relative to the acuity model.

The preliminary, acceptable range of potential market variability factors for CY 2019 is 0.948 to 1.052.

We used the Family Care actual to expected analysis to develop the preliminary range of results for the market variability adjustment. This is appropriate since the Family Care data was used to develop the functional acuity model used for both the Family Care and Family Care Partnership programs. We do not have reason to believe the implicit LTSS service cost variability would be different under Partnership simply because the program also covers acute care costs.

However, we did not use Family Care historical financial results and projected business plans to develop the actual market variability adjustment implemented for the Family Care Partnership program. The Partnership / PACE market variability adjustments were selected as a result of fiscal results and projected business plans specific to the Partnership MCOs.

Preliminary Range of Acceptable Factors

We developed the range of preliminary factors based on a review of actual CY 2015, CY 2016, and CY 2017 MCO / GSR encounter data service costs relative to costs predicted by the functional acuity model and corresponding member functional screens for those rating years for the Family Care program population. No additional projections or assumptions were required beyond the actual and modeled costs.

The width of the preliminary factor range is about +/- 5.2%, which is comparable to many other Medicaid managed care programs where rate ranges have been calculated. No other factors in the 2019 Family Care Partnership rate development process include internal ranges.

We excluded MCO / GSRs from the analysis that were not included in the base period cohort (CY 2015, CY 2016, or CY 2017) for rating years CY 2017, CY 2018, and CY 2019, respectively. The total range of results varied from 0.815 to 1.098. We narrowed this range to 0.933 and 1.038 to remove extreme values and account for natural variation that is expected in any at-risk managed care program. Seventy-one percent of the results fell within this range.

It is not the goal of this adjustment to increase or decrease capitation rates in aggregate, though this may occur depending on the actual factors used in rate development. Starting aggregate service cost projections are always based on the most recent, statewide base period information available, while the market variability adjustment targets MCO-specific performance over time. For that reason, the range of acceptable adjustments considered was changed slightly to be centered on 1.00, consistent with the expectation that this adjustment is not intended to apply system-wide rate changes. This changes the preliminary factor range from 0.933 to 1.038 to 0.948 to 1.052.

Factors Actually Implemented

The market variability adjustments utilized for rate development are the result of an extensive business planning process performed by each MCO and coordinated by DHS. MCOs begin developing their business plans in July before the rate year begins. The MCOs look at their entire financial and program operations. DHS determines what MCOs need to include in their business plan submission and requests information from the MCOs on all major program changes expected to occur during the rate year. The business plans include assumptions about the following areas, among others:

- Service cost experience and trends
- Membership acuity trends
- Enrollment trends by region, target group, and level of care
- Care management costs
- Staffing costs
- Service cost savings initiatives
- Administrative savings initiatives
- Major IT system conversions the MCO anticipates to undertake during the rate year

- Additional costs related to specific State program changes or policy changes
- Additional costs related to Federal policy changes

DHS and Milliman review assumptions underlying the business plans for reasonability, as well as the relationship between the business plan projection and the market variability adjusted rates for reasonability. From this effort, DHS develops market variability factors that fall within the range of preliminary factors and represent reasonable, appropriate and attainable rates for each MCO. If these factors do not bring the MCO to projected profitability in the contract period, it is because of documented differences in specific business plan assumptions from those we believe are attainable in this rate development. We have reviewed the development of these adjustments.

Exhibit G2 shows that aggregate costs increase by approximately 1.2% due to the chosen market variability adjustment factors. We have reviewed the development of the adjustments applied in this rate report.

STEP 4: BLEND PROJECTED SERVICE COSTS BY TARGET GROUP

In this step we blend the projected CY 2019 MCO / GSR service costs for each target group based on the composite projected CY 2019 target group membership. The blended costs are reflected in the bottom section of Exhibit G.

V. NON-SERVICE COST ALLOWANCE

This section of the report describes the development of the non-service cost allowance for the CY 2019 Family Care Partnership / PACE capitation rate. Non-service expense loads and resulting MCE and capitation rates are shown in Exhibit H. Exhibit I restates the components of the MCO / GSR capitation rates net of HCRP and withhold.

ADMINISTRATIVE COST ALLOWANCE

DHS worked in collaboration with the MCOs to develop a sustainable approach to determine the administrative funding levels for the NH LOC population enrolled in the Family Care Partnership, PACE, and Family Care programs. DHS developed the administrative funding methodology to address new and expanding MCOs, the size of an MCO's enrolled population, and the determination of program operational costs. DHS and the MCOs formed "small work groups" (SWG) in 2009 to help assess the type and range of administrative costs. For the CY 2016 rate development, MCOs provided updated CY 2015 financial and employee data in the same structure developed by the SWGs, which DHS reviewed and analyzed in order to update the administrative cost model assumptions. As part of the cost model development, financial and employee expense data were trended to 2019 levels using the CPI trends from BLS shown in Table 10 below.

Table 10
Wisconsin Department of Health Services
Consumer Price Index Trends

Year	Annual Trend Rate
2016	1.00%
2017	1.63%
2018	2.87%
2019	2.87%

Findings from the SWGs showed that there are 11 primary administrative components that are typically incurred by an MCO that participates in the Family Care Partnership / PACE program as follows:

- Administrative and Executive
- Compliance
- Human Resources
- Marketing
- Provider Management
- Claims Management
- Fiscal Management
- Information Management
- Medical Management
- HMO Licensure Management
- Quality Management

Within each of these administrative components, the MCOs provided the number of full-time equivalent employees (FTEs), the corresponding expense per FTE, and the administrative expenditures.

MCOs and DHS classified each administrative expenditure category as fixed or variable costs. The sections below provide details on the handling of each type of expenditure in the determination of an allowance for non-service expenses.

For the Family Care Partnership / PACE program, an average non-service cost allowance is calculated for the Family Care program, to which a $39.70 PMPM amount is added to reflect administrative expenses related to the acute and primary portion of the capitation rates. The acute and primary administrative load was developed from historical Family Care Partnership / PACE MCO administrative cost reporting for Medical Management and HMO Licensure Management. These functions are required to serve the acute care needs of members, but are not necessary for delivering only Family Care covered services. Sixty percent of these historical costs were allocated to the Medicaid portion of Family Care Partnership / PACE, consistent with the historical revenue relationship between Medicaid and Medicare. These historical costs were then projected to 2019 using the same CPI trends used in the Family Care administrative cost model.

It is worth noting that the administrative cost model varies the load by the size of the MCO. The enrollment for each of the Family Care Partnership / PACE MCOs is less than 55,000 member months, which is classified as a Small tier MCO. Therefore, the administrative load for all of the MCOs is the same.

Exhibit H shows the application of the administrative cost allowance.

Fixed Cost

The fixed cost portion of the administrative allowance decreases on a PMPM basis as MCOs increase the number of enrolled members. For example, as MCOs continue to expand, there is no need to hire an additional CEO, although the demands on the CEO will increase, perhaps leading to the need for higher compensation. Therefore, executive costs as a percentage of capitation revenue will decrease as MCOs become larger; a similar argument can be applied to the other five fixed cost components, which may increase somewhat with growth in the size of the enrolled population, but not in a direct way. As a result, DHS has structured its approach to assess a reasonable number of personnel to have on staff for each component based on MCO size.

To accommodate the personnel needs of different sized MCOs for their fixed administrative costs, DHS has developed five tiers within each component to account for different staffing expectations. MCOs are assigned a tier based on their projected CY 2019 enrollment. Table 11 below shows the projected member month range for each tier. The resulting fixed PMPM costs are calculated for each MCO as the projected number of FTEs, and their corresponding expense, divided by the projected number of member months.

Table 11
Wisconsin Department of Health Services
Member Month Range by Administrative Tier

Tier	Projected Member Months
Small	0 to 54,999
Medium	55,000 to 89,999
Large	90,000 to 129,999
XL	130,000 to 169,999
XXL	170,000 +

DHS used the enrolled members, number of full-time equivalents (FTEs), and expense per FTE as reported by each MCO to assess and determine appropriate assumptions.

Table 12 shows the fixed cost assumptions used to develop the CY 2019 MCE rates.

Table 12
Wisconsin Department of Health Services
Detailed Assumptions for Fixed Cost Component of Non-Benefit Allowance

Tier	Admin / Executive	Compliance	HR	Marketing	Provider Mgmt.	Fiscal	Claims Mgmt.
FTE Assumptions: Fixed Cost Component							
Small	6	1	3	1	9	10	2
Medium	8	2	3	1	11	13	3
Large	12	3	4	1	13	16	3
XL	16	4	5	1	15	19	4
XXL	20	5	6	1	17	22	5
Total Expense Assumptions: Fixed Cost Component							
Small	$1,111,546	$99,828	$349,018	$108,410	$903,341	$1,160,135	$159,681
Medium	1,482,062	199,656	349,018	108,410	1,104,083	1,508,175	239,522
Large	2,223,092	299,484	465,358	108,410	1,304,826	1,856,216	239,522
XL	2,964,123	399,312	581,697	108,410	1,505,568	2,204,256	319,363
XXL	3,705,154	499,140	698,036	108,410	1,706,311	2,552,297	399,204

DHS applied 60% of the fixed administrative costs to represent the portion of fixed costs to be funded by Medicaid, consistent with the proportion of total plan revenue deriving from Medicaid in recent years.

Variable Costs

The variable portion of administrative costs increases proportionately with the number of members enrolled by an MCO. Therefore, DHS determined a single PMPM cost assumption for each of the variable components. DHS used the PMPM cost projections as reported in the SWG documents as the basis to derive a point estimate for each component.

Table 13 shows the variable cost assumptions used to develop the CY 2019 capitation rates.

Table 13
Wisconsin Department of Health Services
Variable Cost Components of Non-Benefit Allowance

Cost Component	PMPM Cost
Claims Management	$19.19
Fiscal Management	5.46
Information Management	28.78
Quality Management	12.86

Targeted Risk Margin / Contribution to Reserves

We include an explicit 1.5% targeted margin to account for cost of capital and contribution to MCO reserves as underlying service costs increase over time. We believe that this margin is appropriate given the predictability of expenses under the program.

VI. OTHER RATE CONSIDERATIONS

All calculations and actual and potential adjustments outlined in this section have been developed in accordance with generally accepted actuarial principles and practices.

WITHHOLDS AND INCENTIVES

The total value of incentives outlined in this section will not exceed 5% of total capitation received by any MCO.

Pay for Performance Withhold and Incentive

Beginning in CY 2018, DHS implemented pay for performance in the Family Care Partnership program. For CY 2019, DHS will withhold 0.5% of each MCO's gross capitation rate for the MCO to earn back based on the following metrics:

1. Meeting minimum performance standards on four member satisfaction survey questions will determine the amount of withhold returned for 0.25% of capitation. The member satisfaction survey will be administered during the rate year. MCOs will be able to earn back a quarter of the withheld amount for each question that they meet the minimum performance standard. If the MCO meets the minimum performance standards for all four questions on the member satisfaction survey, they are then eligible to earn up to an additional 0.20% of their capitation rate in incentive payments. MCOs can earn an incentive payment equal to 0.05% of their capitation rate by meeting or exceeding the targeted performance benchmark for each question.

2. MCOs that submit a plan for increasing competitive integrated employment (CIE) will earn back 0.25% withheld from the capitation. MCOs can earn an incentive payment equal to 0.20% of their capitation rate by meeting or exceeding CIE benchmarks.

Based on previous survey results, DHS and Milliman estimate that 0.4375% of the 0.5% withhold will be returned to MCOs under the pay for performance terms. These capitation rates are certified as being actuarially sound assuming that 0.4375% of the withhold is returned.

Relocation Incentive Payment

DHS may provide a one-time incentive payment to the Family Care Partnership MCO for each MCO member who is relocated from an institution into a community setting consistent with federal Money Follows the Person (MFP) guidelines, contingent on the availability of federal MFP funding. This value of this incentive will not exceed 5% of total capitation paid to an MCO.

Assisted Living Quality Incentive Payment

Subject to CMS approval, Family Care Partnership MCOs may receive incentive payments for each member residing in assisted living facilities that meet one of two quality measures determined by DHS. Total incentive payments will not exceed 0.1% of the total capitation received by any MCO.

RETROSPECTIVE ADJUSTMENTS

Several retrospective adjustments not reflected in this report will be made for certain issues outside MCO control. These adjustments are not designed to be budget neutral. These adjustments, which are expected to be completed by December 31, 2020, include the processes outlined in this section. The adjustments outlined below do not apply to the PACE program.

Target Group Adjustment

DHS will reconcile the LTC service components of capitation payments to the actual target group mix experienced during the contract period. This adjustment is calculated for each MCO / GSR combination and estimates the impact on aggregate capitation rates for the differences in the distribution of members by target group between projected and actual contract period enrollment. The process used to calculate the retroactive target group adjustment is as follows:

1. Projected and actual contract period enrollment is summarized by MCO and GSR combination for each target group

2. Long term care capitation rates net of the HCRP and withhold are deconstructed into target group-specific long term care capitation rates

3. The aggregate long term care capitation rate is calculated by weighting the target group-specific long term care capitation rates separately for projected enrollment and actual enrollment

4. The PMPM payment or recoupment amount is calculated as the difference between the capitation rates calculated with projected and actual enrollment. This difference is multiplied by actual contract period member months to determine the total payment or recoupment

Dual Eligibility Status Adjustment

DHS will reconcile the acute and primary services component of capitation payments to the mix between Medicare and non-Medicare eligibles experienced during the contract period. The process used to calculate the retroactive dual eligibility status adjustment is as follows:

1. Projected and actual contract period dual eligibility status distribution is summarized by MCO and GSR combination

2. The acute and primary portion of rates is deconstructed into Medicaid Only and Dual Eligible rates

3. The aggregate acute and primary rate is calculated by weighting the Medicaid Only and Dual Eligible rates separately for projected enrollment and actual enrollment

4. The PMPM payment or recoupment amount is calculated as the difference between the rates calculated with projected and actual enrollment. This difference is multiplied by actual contract period member months to determine the total payment or recoupment

Nursing Home Closure Adjustment

In the event of the closure of an institutional facility, DHS may consider an adjustment in the capitation rate if the MCO quantifies a material cost increase due to an increase in the number of members who enrolled with the MCO in the contract period and who meet both of the following conditions:

1. Has a nursing home stay greater than 100 consecutive days during the contract period after enrollment

2. Enrolled within 32 calendar days of their nursing home discharge date, or enrolled while residing in a nursing home

If this adjustment is necessary, capitation rates will be recertified to incorporate the adjustment.

Ventilator Dependent LTC Service Reconciliation

DHS will reconcile the LTC service component of capitation payments to the actual percentage of members dependent on ventilators enrolled in each MCO in the contract period relative to the percentage experienced in the base period data. The cost relativity between ventilator dependent members and other members will also be utilized to determine the magnitude of the reconciliation. The process to calculate the retroactive ventilator-dependent adjustment is as follows:

1. The contract period projected proportion of ventilator-dependent member months assumed in capitation rate development is summarized by target group

2. The actual contract period proportion of ventilator-dependent member months and actual member months are calculated using monthly eligibility and long term care functional screens for the contract period provided by DHS

3. The ventilator-dependent cost weights for each target group used in the contract period regression model are summarized

4. The total payment or recoupment for each target group is calculated using the following formula:

   Payment (Recoupment) = Actual Member Months × (Actual % Vent Dependent - Projected % Vent Dependent) × Vent Dependent Cost Weight

AIDS / Ventilator Dependent Acute and Primary Service Reconciliation

Under the contract between DHS and the MCOs, the MCOs are not ultimately liable for acute and primary service costs, reimbursed up to the FFS fee schedule, associated with members meeting certain criteria associated with AIDS or ventilator dependency. Therefore, DHS will reimburse the MCOs for the encounter data costs for Medicaid-covered services for these enrollees. The base period costs identified using the same criteria were removed in this rate development.

Dane County Eligibility Requirements

Family Care began operation in Dane County effective February 1, 2018. As a result, DD target group individuals who are eligible for Family Care, but were not eligible for Family Care Partnership under the more restrictive requirements existing prior to February 2018, may now choose to enroll in Family Care Partnership.

In order to account for the uncertainty around ultimate 2019 Family Care Partnership enrollment for MCOs operating in Dane County, the assumed enrollment underlying these capitation rates may be reconciled to the actual contract period acuity of an MCO's membership, as measured by the LTC functional screen. As these members would primarily be entering Family Care Partnership from the existing waiver population, a further adjustment may be made to phase in the impact of managed care savings and efficiency gains on historical FFS costs. The determination of whether this reconciliation is made depends on the materiality of the difference of the actual contract period average member acuity and the acuity assumed in this rate development. The process to calculate the retroactive adjustment is as follows:

1. DHS provides eligibility and functional screen information by MCO. Detailed LTCFS information for each unique member enrolled is summarized by month and target group.

2. The target group and screen information is applied to the variables and cost weights that are part of the contract period regression models. This calculates the modeled PMPM for each month and target group necessary to calculate the payment or recoupment.

3. These modeled values are then adjusted by all applicable rate development factors that were included in the rate report to arrive at the contract period PMPM Retroactive Rate. This would include the phase-in adjustment applied to Family Care capitation rates for GSR 12.

4. The final payment (recoupment) is calculated as the difference in the contract period PMPM Retroactive Rate and original capitation payment, multiplied by the actual membership

ALTERNATIVE PAYMENT ARRANGEMENTS

The following §438.6(c) pre-print proposal for alternative payment arrangements in the Family Care Partnership program has been approved by CMS. This alternative payment arrangement is described below.

Maximum Provider Fee Schedule

Per the contract between DHS and the participating MCOs, State Plan services provided under the Family Care Partnership / PACE benefit package are subject to a maximum fee schedule established by the state. The use of this maximum fee schedule promotes efficient and cost effective care by controlling the growth in Medicaid expenditures. Most providers of State Plan services are subject to the maximum fee schedule though MCOs have the ability to exceed the limit when necessary for executing a reimbursement contract. This arrangement does not include a separately distributed directed payment.

The maximum fee schedule was built into rates in a manner consistent with the submitted §438.6(c) payment arrangement. The base data developed in Sections III and IV of this report was developed based on historical Family Care Partnership / PACE and Family Care experience, which reflects the long-standing maximum fee schedule arrangement. This base data was used to develop rates for all regions. No further adjustment to provider reimbursement levels are made as part of rate development.

We certify that the Family Care Partnership capitation rates, including the maximum fee schedule, are actuarially sound.

EXHIBITS A – D

Capitation Rate Development – Acute and Primary Services

State of Wisconsin Department of Health Services
CY 2019 Capitation Rate Development for Family Care Partnership / PACE Program

December 6, 2018

This report assumes that the reader is familiar with the State of Wisconsin's Medicaid program, its benefits, and rate setting principles. The report was prepared solely to provide assistance to DHS to set CY 2019 capitation rates for the Family Care Partnership / PACE program. It may not be appropriate for other purposes. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. This material should only be reviewed in its entirety.

Exhibit A1
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Summary of 2017 Acute and Primary Services Experience by MCO / GSR
Dual Eligible Population

	Care WI (GSR 3)			Care WI (GSR 5)			Care WI (GSR 6)			Care WI (GSR 12)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	200	100	502	691	433	1,121	29	15	43	1,430	3,823	7,309
Acute & Primary Services												
Inpatient Hospital	$25.87	$0.00	$30.18	$50.78	$28.39	$15.43	$0.00	$85.45	$30.56	$37.11	$38.44	$36.66
Outpatient Hospital	52.72	7.39	26.95	6.78	94.16	5.02	3.07	3.48	1.12	5.87	15.64	22.94
Pharmacy	8.13	10.10	33.86	25.87	17.24	15.43	0.55	13.65	22.49	20.60	34.77	23.87
Dental	24.12	33.06	21.13	26.82	60.95	23.80	0.00	0.00	0.00	18.84	32.03	22.80
Other Acute & Primary	21.87	20.91	57.16	55.71	122.88	54.40	47.04	227.54	22.89	43.57	91.09	57.74
Grand Total	$132.71	$71.47	$169.28	$165.96	$323.63	$114.09	$50.66	$330.12	$77.06	$125.99	$211.97	$164.01
Composite PMPM		**$147.96**			**$170.45**			**$112.56**			**$174.27**	

	iCare (GSR 8)			iCare (GSR 11)			iCare (GSR 12)			CCHP - PACE		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	1,133	2,030	2,452	65	141	133	60	366	374	667	442	5,426
Acute & Primary Services												
Inpatient Hospital	$19.31	$30.79	$36.10	$0.00	$0.00	$32.77	$0.00	$57.60	$20.68	$31.71	$31.83	$25.10
Outpatient Hospital	9.01	23.73	16.20	6.48	25.52	5.33	4.45	5.67	10.58	2.45	25.82	20.52
Pharmacy	25.06	63.00	41.26	0.81	272.06	18.00	6.09	38.37	17.75	20.55	74.41	36.06
Dental	21.61	24.56	32.66	0.00	0.00	0.00	0.00	0.00	0.00	35.53	55.61	35.05
Other Acute & Primary	43.80	62.33	48.97	46.47	91.19	58.54	73.96	82.14	51.45	55.12	77.55	59.04
Grand Total	$118.78	$204.41	$175.19	$53.75	$388.77	$114.64	$84.51	$183.77	$100.46	$145.37	$265.23	$175.77
Composite PMPM		**$174.37**			**$217.25**			**$137.40**			**$178.72**	

	CCHP (GSR 6)			CCHP (GSR 8)			CCHP (GSR 10)			CCHP (GSR 11)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	301	287	664	823	422	483	308	205	784	525	261	883
Acute & Primary Services												
Inpatient Hospital	$24.35	$36.23	$12.76	$9.93	$24.68	$27.33	$0.00	$12.43	$15.86	$21.36	$29.48	$17.99
Outpatient Hospital	2.41	67.91	13.58	10.39	150.32	22.04	4.03	1.47	27.58	5.49	41.54	12.79
Pharmacy	23.15	35.93	51.80	18.66	26.67	44.49	16.23	29.25	34.92	9.34	18.73	27.02
Dental	21.19	36.79	66.05	37.01	44.70	21.34	28.85	9.40	3.37	23.10	6.72	9.93
Other Acute & Primary	50.10	94.36	58.24	47.08	75.92	65.20	29.56	41.51	29.10	25.94	43.57	34.21
Grand Total	$121.20	$271.22	$202.44	$123.06	$322.29	$180.40	$78.67	$94.06	$110.82	$85.23	$140.04	$101.95
Composite PMPM		**$198.68**			**$187.77**			**$100.54**			**$102.64**	

	Grand Total - Base Data		
	DD	PD	FE
Exposure Months	6,232	8,525	20,173
Acute & Primary Services			
Inpatient Hospital	$26.17	$33.93	$29.17
Outpatient Hospital	7.96	30.57	19.59
Pharmacy	19.86	45.43	30.87
Dental	25.08	30.46	26.76
Other Acute & Primary	44.44	80.91	54.69
Grand Total	$123.51	$221.30	$161.07
Composite PMPM		**$169.07**	

Exhibit A2
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Summary of 2017 Acute and Primary Services Experience by MCO / GSR
Medicaid Only Population

	Care WI (GSR 3)			Care WI (GSR 5)			Care WI (GSR 6)			Care WI (GSR 12)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	78	39	12	239	82	5	1	18	0	433	1,806	124
Acute & Primary Services												
Inpatient Hospital	$0.00	$1,943.71	$1,147.72	$223.06	$394.96	$0.00	$0.00	$4,800.23	$0.00	$456.22	$681.03	$476.39
Outpatient Hospital	74.09	545.02	105.16	53.88	106.62	0.00	0.00	303.34	0.00	348.71	247.17	416.31
Pharmacy	126.79	848.89	10,990.90	1,259.09	1,139.41	1,931.12	0.00	671.15	0.00	681.69	872.91	327.21
Dental	90.63	0.92	220.73	38.58	127.61	0.00	0.00	0.00	0.00	12.46	23.55	14.63
Other Acute & Primary	61.34	389.85	316.93	174.60	205.62	19.06	650.16	869.27	0.00	275.06	367.10	160.36
Grand Total	$352.85	$3,728.39	$12,781.43	$1,749.21	$1,974.23	$1,950.18	$650.16	$6,644.00	$0.00	$1,774.14	$2,191.76	$1,394.90
Composite PMPM		**$2,534.54**			**$1,808.76**			**$6,328.53**			**$2,073.44**	

	iCare (GSR 8)			iCare (GSR 11)			iCare (GSR 12)			CCHP - PACE		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	896	2,227	27	55	38	0	21	231	10	63	232	57
Acute & Primary Services												
Inpatient Hospital	$856.64	$767.64	$242.15	$114.09	$593.13	$0.00	$332.58	$605.42	$0.00	$472.42	$467.35	$73.54
Outpatient Hospital	124.20	199.21	93.85	45.08	272.68	0.00	55.31	165.77	3.92	1,163.90	31.93	1,042.17
Pharmacy	672.31	1,218.13	515.14	397.99	1,488.11	0.00	562.72	1,029.69	488.34	457.80	395.94	169.36
Dental	25.71	36.82	92.16	0.00	38.27	0.00	0.00	0.00	0.00	11.77	28.95	13.32
Other Acute & Primary	232.67	331.89	214.27	103.69	519.84	0.00	259.25	575.49	30.86	668.30	330.82	450.37
Grand Total	$1,911.52	$2,553.69	$1,157.56	$660.85	$2,912.04	$0.00	$1,209.86	$2,376.38	$523.12	$2,774.19	$1,254.98	$1,748.76
Composite PMPM		**$2,359.14**			**$1,590.06**			**$2,213.38**			**$1,605.31**	

	CCHP (GSR 6)			CCHP (GSR 8)			CCHP (GSR 10)			CCHP (GSR 11)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	113	139	0	649	477	5	81	86	0	163	179	0
Acute & Primary Services												
Inpatient Hospital	$713.07	$500.38	$0.00	$562.35	$605.78	$0.00	$324.66	$0.00	$0.00	$495.78	$492.97	$0.00
Outpatient Hospital	32.88	255.32	0.00	157.12	160.57	0.00	401.31	149.99	0.00	211.09	348.15	0.00
Pharmacy	471.96	1,025.98	0.00	634.82	455.91	24.75	195.58	885.51	0.00	832.80	664.00	0.00
Dental	47.68	104.99	0.00	57.71	64.24	37.04	0.00	21.03	0.00	29.29	45.86	0.00
Other Acute & Primary	344.34	447.04	0.00	363.23	420.44	250.35	88.09	266.67	0.00	273.14	330.40	0.00
Grand Total	$1,609.92	$2,333.71	$0.00	$1,775.23	$1,706.95	$312.14	$1,009.65	$1,323.20	$0.00	$1,842.10	$1,881.37	$0.00
Composite PMPM		**$2,010.09**			**$1,739.96**			**$1,170.44**			**$1,862.70**	

	Grand Total - Base Data		
	DD	PD	FE
Exposure Months	2,790	5,555	240
Acute & Primary Services			
Inpatient Hospital	$578.13	$693.62	$348.62
Outpatient Hospital	189.90	210.50	479.12
Pharmacy	676.25	966.77	878.31
Dental	33.34	35.73	32.94
Other Acute & Primary	270.10	364.45	236.89
Grand Total	$1,747.72	$2,271.08	$1,975.87
Composite PMPM		**$2,092.73**	

Exhibit B1
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Summary of 2017 Acute & Primary Services Costs by Rate Cell
Dual Eligible and Medicaid Only Populations

Service Category	Age Group	Developmentally Disabled				Physically Disabled				Frail Elderly			
		Dual		Medicaid Only		Dual		Medicaid Only		Dual		Medicaid Only	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Inpatient Hospital	0-44	$5.26	$11.32	$646.45	$646.45	$53.68	$27.16	$646.45	$646.45	N/A	N/A	N/A	N/A
	45-54	12.77	62.46	646.45	646.45	34.69	46.55	646.45	646.45	N/A	N/A	N/A	N/A
	55-64	27.42	32.85	646.45	646.45	30.76	28.65	646.45	646.45	N/A	N/A	N/A	N/A
	65-74	35.30	28.43	646.45	646.45	54.47	22.83	646.45	646.45	24.12	48.02	646.45	646.45
	75-84	23.54	17.46	646.45	646.45	0.00	0.00	646.45	646.45	51.93	17.39	646.45	646.45
	85+	0.00	37.36	646.45	646.45	0.00	0.00	646.45	646.45	27.67	17.72	646.45	646.45
Outpatient Hospital	0-44	$4.28	$11.73	$211.31	$211.31	$63.05	$22.29	$211.31	$211.31	N/A	N/A	N/A	N/A
	45-54	8.49	6.39	211.31	211.31	59.20	14.13	211.31	211.31	N/A	N/A	N/A	N/A
	55-64	7.94	14.75	211.31	211.31	46.98	20.47	211.31	211.31	N/A	N/A	N/A	N/A
	65-74	4.03	6.46	211.31	211.31	30.69	12.27	211.31	211.31	71.74	22.48	211.31	211.31
	75-84	8.03	2.52	211.31	211.31	0.00	0.00	211.31	211.31	21.59	9.76	211.31	211.31
	85+	7.56	10.11	211.31	211.31	0.00	0.00	211.31	211.31	4.24	5.22	211.31	211.31
Pharmacy	0-44	$9.70	$12.82	$869.87	$869.87	$20.28	$148.12	$869.87	$869.87	N/A	N/A	N/A	N/A
	45-54	20.73	40.13	869.87	869.87	19.15	42.29	869.87	869.87	N/A	N/A	N/A	N/A
	55-64	18.76	24.53	869.87	869.87	36.75	46.58	869.87	869.87	N/A	N/A	N/A	N/A
	65-74	18.07	21.08	869.87	869.87	36.46	72.75	869.87	869.87	42.34	41.43	869.87	869.87
	75-84	9.68	25.93	869.87	869.87	0.00	0.00	869.87	869.87	32.20	30.54	869.87	869.87
	85+	1.58	9.12	869.87	869.87	0.00	0.00	869.87	869.87	29.62	16.81	869.87	869.87
Dental	0-44	$31.15	$26.29	$34.88	$34.88	$28.41	$32.42	$34.88	$34.88	N/A	N/A	N/A	N/A
	45-54	12.38	37.39	34.88	34.88	29.77	34.87	34.88	34.88	N/A	N/A	N/A	N/A
	55-64	27.23	36.43	34.88	34.88	31.63	27.86	34.88	34.88	N/A	N/A	N/A	N/A
	65-74	16.75	18.39	34.88	34.88	29.62	33.41	34.88	34.88	39.37	33.53	34.88	34.88
	75-84	7.06	30.39	34.88	34.88	0.00	0.00	34.88	34.88	25.72	24.30	34.88	34.88
	85+	0.00	4.36	34.88	34.88	0.00	0.00	34.88	34.88	19.40	19.27	34.88	34.88
Other Acute & Primary	0-44	$33.21	$48.70	$330.22	$330.22	$107.03	$150.96	$330.22	$330.22	N/A	N/A	N/A	N/A
	45-54	40.00	61.95	330.22	330.22	136.98	108.39	330.22	330.22	N/A	N/A	N/A	N/A
	55-64	34.35	44.39	330.22	330.22	70.82	57.57	330.22	330.22	N/A	N/A	N/A	N/A
	65-74	48.31	48.43	330.22	330.22	59.01	50.07	330.22	330.22	58.61	57.74	330.22	330.22
	75-84	58.33	40.13	330.22	330.22	0.00	0.00	330.22	330.22	57.27	58.99	330.22	330.22
	85+	38.89	57.40	330.22	330.22	0.00	0.00	330.22	330.22	40.60	48.22	330.22	330.22
Total	**0-44**	**$83.60**	**$110.86**	**$2,092.73**	**$2,092.73**	**$272.46**	**$380.95**	**$2,092.73**	**$2,092.73**	**N/A**	**N/A**	**N/A**	**N/A**
	45-54	**94.38**	**208.32**	**2,092.73**	**2,092.73**	**279.79**	**246.22**	**2,092.73**	**2,092.73**	**N/A**	**N/A**	**N/A**	**N/A**
	55-64	**115.70**	**152.96**	**2,092.73**	**2,092.73**	**216.94**	**181.14**	**2,092.73**	**2,092.73**	**N/A**	**N/A**	**N/A**	**N/A**
	65-74	**122.46**	**122.78**	**2,092.73**	**2,092.73**	**210.25**	**191.33**	**2,092.73**	**2,092.73**	**236.17**	**203.21**	**2,092.73**	**2,092.73**
	75-84	**106.64**	**116.44**	**2,092.73**	**2,092.73**	**0.00**	**0.00**	**2,092.73**	**2,092.73**	**188.70**	**140.97**	**2,092.73**	**2,092.73**
	85+	**48.03**	**118.36**	**2,092.73**	**2,092.73**	**0.00**	**0.00**	**2,092.73**	**2,092.73**	**121.54**	**107.24**	**2,092.73**	**2,092.73**

Grand Total	$123.51	$2,092.73	$221.30	$2,092.73	$161.07	$2,092.73

Exhibit B2
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Summary of Trended and Completed 2019 Acute & Primary Services Costs by Rate Cell
Dual Eligible and Medicaid Only Populations

Service Category	Age Group	Developmentally Disabled				Physically Disabled				Frail Elderly			
		Dual		Medicaid Only		Dual		Medicaid Only		Dual		Medicaid Only	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Inpatient Hospital	0-44	$5.82	$12.54	$716.01	$716.01	$59.46	$30.08	$716.01	$716.01	N/A	N/A	N/A	N/A
	45-54	14.15	69.18	716.01	716.01	38.42	51.56	716.01	716.01	N/A	N/A	N/A	N/A
	55-64	30.37	36.39	716.01	716.01	34.07	31.74	716.01	716.01	N/A	N/A	N/A	N/A
	65-74	39.10	31.49	716.01	716.01	60.33	25.29	716.01	716.01	26.71	53.19	716.01	716.01
	75-84	26.07	19.34	716.01	716.01	0.00	0.00	716.01	716.01	57.51	19.26	716.01	716.01
	85+	0.00	41.38	716.01	716.01	0.00	0.00	716.01	716.01	30.65	19.63	716.01	716.01
Outpatient Hospital	0-44	$4.74	$12.99	$234.04	$234.04	$69.84	$24.69	$234.04	$234.04	N/A	N/A	N/A	N/A
	45-54	9.40	7.07	234.04	234.04	65.57	15.65	234.04	234.04	N/A	N/A	N/A	N/A
	55-64	8.80	16.34	234.04	234.04	52.03	22.68	234.04	234.04	N/A	N/A	N/A	N/A
	65-74	4.46	7.15	234.04	234.04	33.99	13.59	234.04	234.04	79.46	24.90	234.04	234.04
	75-84	8.89	2.79	234.04	234.04	0.00	0.00	234.04	234.04	23.92	10.81	234.04	234.04
	85+	8.38	11.20	234.04	234.04	0.00	0.00	234.04	234.04	4.70	5.78	234.04	234.04
Pharmacy	0-44	$10.69	$14.13	$959.04	$959.04	$22.36	$163.30	$959.04	$959.04	N/A	N/A	N/A	N/A
	45-54	22.85	44.25	959.04	959.04	21.11	46.62	959.04	959.04	N/A	N/A	N/A	N/A
	55-64	20.68	27.05	959.04	959.04	40.52	51.36	959.04	959.04	N/A	N/A	N/A	N/A
	65-74	19.92	23.24	959.04	959.04	40.20	80.20	959.04	959.04	46.68	45.67	959.04	959.04
	75-84	10.68	28.59	959.04	959.04	0.00	0.00	959.04	959.04	35.50	33.67	959.04	959.04
	85+	1.74	10.05	959.04	959.04	0.00	0.00	959.04	959.04	32.66	18.53	959.04	959.04
Dental	0-44	$34.51	$29.12	$38.63	$38.63	$31.46	$35.91	$38.63	$38.63	N/A	N/A	N/A	N/A
	45-54	13.71	41.42	38.63	38.63	32.97	38.62	38.63	38.63	N/A	N/A	N/A	N/A
	55-64	30.16	40.35	38.63	38.63	35.03	30.86	38.63	38.63	N/A	N/A	N/A	N/A
	65-74	18.56	20.37	38.63	38.63	32.81	37.00	38.63	38.63	43.60	37.14	38.63	38.63
	75-84	7.82	33.67	38.63	38.63	0.00	0.00	38.63	38.63	28.48	26.91	38.63	38.63
	85+	0.00	4.83	38.63	38.63	0.00	0.00	38.63	38.63	21.49	21.34	38.63	38.63
Other Acute & Primary	0-44	$35.68	$52.31	$354.69	$354.69	$114.96	$162.15	$354.69	$354.69	N/A	N/A	N/A	N/A
	45-54	42.97	66.54	354.69	354.69	147.13	116.42	354.69	354.69	N/A	N/A	N/A	N/A
	55-64	36.89	47.68	354.69	354.69	76.07	61.84	354.69	354.69	N/A	N/A	N/A	N/A
	65-74	51.89	52.02	354.69	354.69	63.38	53.78	354.69	354.69	62.95	62.02	354.69	354.69
	75-84	62.65	43.10	354.69	354.69	0.00	0.00	354.69	354.69	61.51	63.36	354.69	354.69
	85+	41.77	61.66	354.69	354.69	0.00	0.00	354.69	354.69	43.61	51.79	354.69	354.69
Total	**0-44**	**$91.44**	**$121.09**	**$2,302.42**	**$2,302.42**	**$298.08**	**$416.13**	**$2,302.42**	**$2,302.42**	**N/A**	**N/A**	**N/A**	**N/A**
	45-54	**103.09**	**228.46**	**2,302.42**	**2,302.42**	**305.20**	**268.87**	**2,302.42**	**2,302.42**	**N/A**	**N/A**	**N/A**	**N/A**
	55-64	**126.90**	**167.81**	**2,302.42**	**2,302.42**	**237.72**	**198.46**	**2,302.42**	**2,302.42**	**N/A**	**N/A**	**N/A**	**N/A**
	65-74	**133.93**	**134.27**	**2,302.42**	**2,302.42**	**230.71**	**209.87**	**2,302.42**	**2,302.42**	**259.41**	**222.93**	**2,302.42**	**2,302.42**
	75-84	**116.11**	**127.49**	**2,302.42**	**2,302.42**	**0.00**	**0.00**	**2,302.42**	**2,302.42**	**206.92**	**154.01**	**2,302.42**	**2,302.42**
	85+	**51.89**	**129.12**	**2,302.42**	**2,302.42**	**0.00**	**0.00**	**2,302.42**	**2,302.42**	**133.11**	**117.08**	**2,302.42**	**2,302.42**

Grand Total	**$135.21**	**$2,302.42**	**$242.17**	**$2,302.42**	**$176.41**	**$2,302.42**

Exhibit C
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Summary of 2019 Projected Member Months by MCO / GSR and Age Group
Dual Eligible and Medicaid Only Populations

		Developmentally Disabled				Physically Disabled				Frail Elderly			
		Dual		Medicaid Only		Dual		Medicaid Only		Dual		Medicaid Only	
MCO	Age Group	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Care WI (GSR 3)	0-44	24	36	12	56	5	28	19	0	0	0	0	0
	45-54	24	26	0	0	21	15	5	0	0	0	0	0
	55-64	36	24	0	10	34	14	7	14	0	0	0	0
	65-74	0	17	0	0	0	0	1	0	53	48	0	0
	75-84	12	0	0	0	0	0	0	0	29	119	0	11
	85+	0	0	0	0	0	0	0	0	46	146	0	0
Care WI (GSR 5)	0-44	92	38	90	64	19	14	37	0	0	0	0	0
	45-54	65	78	30	20	14	92	0	14	0	0	0	0
	55-64	73	61	6	12	158	215	5	32	0	0	0	0
	65-74	55	139	0	20	0	2	0	10	129	150	0	0
	75-84	12	73	0	0	0	0	0	0	191	296	0	5
	85+	3	13	0	0	0	0	0	0	94	343	0	0
Care WI (GSR 6)	0-44	0	41	2	0	6	0	0	0	0	0	0	0
	45-54	0	20	0	0	0	0	0	21	0	0	0	0
	55-64	0	0	0	0	21	0	10	0	0	0	0	0
	65-74	0	10	0	0	0	0	0	0	23	0	0	0
	75-84	0	0	0	0	0	0	0	0	0	36	0	0
	85+	0	0	0	0	0	0	0	0	0	25	0	0
Care WI (GSR 12)	0-44	104	164	116	138	156	234	141	223	0	0	0	0
	45-54	130	249	31	129	384	738	225	397	0	0	0	0
	55-64	327	468	157	163	760	1,527	301	569	0	0	0	0
	65-74	258	374	0	2	117	127	12	43	919	2,051	14	3
	75-84	62	192	0	5	0	0	0	0	921	2,439	29	58
	85+	41	79	0	0	0	0	0	0	397	2,090	0	46
iCare (GSR 3)	0-44	0	0	0	0	0	0	0	0	0	0	0	0
	45-54	0	0	0	0	0	0	0	0	0	0	0	0
	55-64	0	0	0	0	0	0	0	0	0	0	0	0
	65-74	0	0	0	0	0	0	0	0	0	0	0	0
	75-84	0	0	0	0	0	0	0	0	0	0	0	0
	85+	0	0	0	0	0	0	0	0	0	0	0	0
iCare (GSR 8)	0-44	192	191	400	179	92	48	104	117	0	0	0	0
	45-54	145	82	90	80	86	267	125	405	0	0	0	0
	55-64	210	177	51	128	452	820	365	931	0	0	0	0
	65-74	26	119	0	3	60	103	34	33	508	1,162	1	16
	75-84	25	1	0	0	0	0	0	0	175	669	0	14
	85+	0	9	0	0	0	0	0	0	51	218	0	0
iCare (GSR 11)	0-44	19	29	38	0	0	28	0	8	0	0	0	0
	45-54	0	31	10	19	15	46	16	15	0	0	0	0
	55-64	3	0	19	0	44	31	1	9	0	0	0	0
	65-74	0	19	0	0	5	12	0	0	31	80	0	0
	75-84	0	0	0	0	0	0	0	0	43	0	0	0
	85+	0	0	0	0	0	0	0	0	2	81	0	0
iCare (GSR 12)	0-44	3	0	0	12	50	38	31	44	0	0	0	0
	45-54	71	4	0	6	64	211	70	90	0	0	0	0
	55-64	66	17	52	22	172	202	74	166	0	0	0	0
	65-74	26	74	0	0	30	24	26	0	189	261	2	0
	75-84	0	0	0	0	0	0	0	0	87	254	0	27
	85+	0	0	0	0	0	0	0	0	101	223	0	0
CCHP - PACE	0-44	0	0	0	0	0	0	0	0	0	0	0	0
	45-54	0	0	0	0	0	0	0	0	0	0	0	0
	55-64	111	61	41	12	170	170	75	107	0	0	0	0
	65-74	217	161	0	8	49	57	24	28	535	1,044	12	30
	75-84	57	0	0	0	0	0	0	0	364	1,112	0	4
	85+	6	42	0	0	0	0	0	0	142	2,442	0	12
CCHP (GSR 6)	0-44	38	38	46	17	0	17	18	8	0	0	0	0
	45-54	63	69	0	22	73	11	14	0	0	0	0	0
	55-64	4	34	22	12	71	116	24	80	0	0	0	0
	65-74	27	13	0	0	9	15	0	9	118	255	0	0
	75-84	13	18	0	0	0	0	0	0	78	139	0	0
	85+	0	0	0	0	0	0	0	0	66	138	0	0
CCHP (GSR 8)	0-44	275	114	229	192	26	4	60	35	0	0	0	0
	45-54	80	47	76	27	82	73	64	106	0	0	0	0
	55-64	145	102	102	66	98	170	111	129	0	0	0	0
	65-74	45	27	0	0	5	0	12	0	63	132	0	0
	75-84	5	31	0	0	0	0	0	0	49	114	0	5
	85+	0	6	0	0	0	0	0	0	59	49	0	0
CCHP (GSR 10)	0-44	13	22	27	44	36	0	3	12	0	0	0	0
	45-54	64	13	12	0	22	12	33	12	0	0	0	0
	55-64	68	60	0	1	59	68	2	24	0	0	0	0
	65-74	40	34	0	0	0	8	0	0	83	142	0	0
	75-84	0	13	6	0	0	0	0	0	89	113	0	0
	85+	0	13	0	0	0	0	0	0	61	165	0	0
CCHP (GSR 11)	0-44	26	36	23	17	5	0	3	9	0	0	0	0
	45-54	11	18	23	18	19	35	38	18	0	0	0	0
	55-64	117	84	52	23	81	113	44	54	0	0	0	0
	65-74	61	108	0	0	1	18	11	10	86	138	0	0
	75-84	12	27	0	0	0	0	0	0	121	195	0	0
	85+	0	9	0	0	0	0	0	0	93	180	0	0
Total	**0-44**	**786**	**709**	**982**	**719**	**394**	**412**	**416**	**455**	**0**	**0**	**0**	**0**
	45-54	**653**	**639**	**274**	**322**	**782**	**1,499**	**589**	**1,078**	**0**	**0**	**0**	**0**
	55-64	**1,160**	**1,088**	**503**	**450**	**2,121**	**3,448**	**1,017**	**2,116**	**0**	**0**	**0**	**0**
	65-74	**754**	**1,095**	**0**	**33**	**277**	**366**	**120**	**133**	**2,738**	**5,463**	**30**	**49**
	75-84	**198**	**356**	**6**	**5**	**0**	**0**	**0**	**0**	**2,148**	**5,485**	**29**	**123**
	85+	**50**	**171**	**0**	**0**	**0**	**0**	**0**	**0**	**1,111**	**6,099**	**0**	**58**

Exhibit D1
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Acute and Primary Services Rate Development
Dual Eligible Population

	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Inpatient Hospital	$29.20	$31.97	$27.90	$33.95	$29.20	$34.93	$37.42	$34.96	$30.04	$34.74	$29.54	$33.38	$32.64
Outpatient Hospital	19.92	19.36	25.50	22.34	19.92	26.59	24.13	26.38	18.44	24.67	20.12	22.40	19.13
Pharmacy	34.66	33.19	29.89	37.18	34.66	39.22	42.88	39.06	30.88	36.95	29.67	32.00	32.33
Dental	29.15	29.28	31.11	30.50	29.15	32.77	32.68	31.12	27.63	31.22	31.42	29.21	29.31
Other Acute & Primary	63.71	60.45	62.10	65.78	63.71	64.81	72.46	70.15	57.36	64.45	60.12	59.78	58.23
Total Acute & Primary Services	**$176.63**	**$174.25**	**$176.50**	**$189.75**	**$176.63**	**$198.33**	**$209.57**	**$201.66**	**$164.35**	**$192.03**	**$170.86**	**$176.78**	**$171.64**
CY 2019 Member Months	757	2,419	182	15,309	0	5,890	520	2,168	6,739	1,423	1,803	1,200	1,593

Exhibit D2
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Acute and Primary Services Rate Development
Medicaid Only Population

	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
HCC Adjustment Factor	1.0385	0.9000	1.0517	1.1000	1.0385	0.9265	0.9292	1.0874	0.9990	1.0517	0.9300	0.9233	1.0408
Inpatient Hospital	$743.60	$644.41	$753.01	$787.62	$743.60	$663.38	$665.29	$778.56	$715.28	$753.01	$665.91	$661.09	$745.21
Outpatient Hospital	243.06	210.64	246.14	257.45	243.06	216.84	217.46	254.49	233.80	246.14	217.67	216.09	243.59
Pharmacy	995.99	863.13	1,008.59	1,054.94	995.99	888.53	891.09	1,042.81	958.06	1,008.59	891.93	885.48	998.14
Dental	40.12	34.77	40.63	42.49	40.12	35.79	35.89	42.00	38.59	40.63	35.93	35.67	40.21
Other Acute & Primary	368.36	319.22	373.02	390.16	368.36	328.62	329.56	385.68	354.33	373.02	329.87	327.49	369.15
Total Acute & Primary Services	**$2,391.14**	**$2,072.17**	**$2,421.38**	**$2,532.66**	**$2,391.14**	**$2,133.15**	**$2,139.30**	**$2,503.54**	**$2,300.06**	**$2,421.38**	**$2,141.31**	**$2,125.81**	**$2,396.29**
CY 2019 Member Months	134	346	34	2,801	0	3,077	135	620	355	270	1,215	176	345

Exhibit D3
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Acute and Primary Services Rate Development
Total Population

	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Inpatient Hospital	$136.86	$108.52	$141.12	$150.50	$136.86	$250.60	$166.89	$200.44	$64.32	$149.38	$285.76	$113.60	$159.40
Outpatient Hospital	53.55	43.27	59.95	58.70	53.55	91.88	64.00	77.14	29.22	60.02	99.65	47.16	59.06
Pharmacy	179.53	136.93	182.71	194.57	179.53	330.68	217.79	262.43	77.27	192.02	376.83	141.07	204.13
Dental	30.80	29.97	32.60	32.36	30.80	33.81	33.34	33.54	28.18	32.72	33.23	30.04	31.25
Other Acute & Primary	109.62	92.79	110.65	115.95	109.62	155.35	125.48	140.36	72.22	113.70	168.73	93.99	113.54
Total Acute & Primary Services	**$510.36**	**$411.47**	**$527.02**	**$552.08**	**$510.36**	**$862.32**	**$607.50**	**$713.92**	**$271.20**	**$547.83**	**$964.20**	**$425.85**	**$567.37**
CY 2019 Member Months	891	2,765	216	18,110	0	8,967	654	2,788	7,094	1,693	3,018	1,375	1,938

EXHIBITS E – G

Capitation Rate Development – Long Term Care Services

State of Wisconsin Department of Health Services
CY 2019 Capitation Rate Development for Family Care Partnership / PACE Program

December 6, 2018

This report assumes that the reader is familiar with the State of Wisconsin's Medicaid program, its benefits, and rate setting principles. The report was prepared solely to provide assistance to DHS to set CY 2019 capitation rates for the Family Care Partnership / PACE program. It may not be appropriate for other purposes. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. This material should only be reviewed in its entirety.

Exhibit E1
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Functional Screen Regression Model of 2016-2017 for Family Care Nursing Home Population
Developmentally Disabled

R-Squared 52.3%

Variable	Family Care Statewide Estimate	p-Value	Incremental Partial R^2	Proportion with Variable	Incremental Increase
Intercept (Grid Component)	171.73			100.0%	171.73
DD/NH Level of Care (Grid Component)					
Vent Dependent	4,999.97	0.0000	0.11%	0.1%	3.07
Dual Enrollee	198.72	0.0000	0.07%	73.7%	146.41
DD1A	385.87	0.0000	0.04%	2.6%	10.04
High Cost (4 Parameters)	857.97	0.0000	0.09%	1.6%	13.64
Number of IADLs (Grid Component)					
IADL_1	0.00	0.0000	0.00%	0.9%	0.00
IADL_2	110.62	0.0009	0.00%	4.8%	5.34
IADL_3	225.91	0.0000	0.01%	11.2%	25.24
IADL_4	536.18	0.0000	0.10%	18.5%	99.19
IADL_5	943.48	0.0000	0.29%	31.8%	300.15
IADL_6	1,182.12	0.0000	0.13%	32.8%	387.23
Specific ADLs / Equipment Used (Add-On)					
Eating_2	238.27	0.0000	0.09%	21.5%	51.18
Transfer_2	659.77	0.0000	0.34%	16.3%	107.30
Interaction Terms (Add-On)					
Other Federal DD_Anxiety	208.90	0.0000	0.01%	2.9%	6.02
Bath_Eat	170.12	0.0000	0.16%	28.2%	48.04
Behaviors_Autism	626.93	0.0000	0.12%	4.2%	26.43
Injury_Overnight	879.55	0.0000	0.33%	3.9%	34.47
Injury_Overnight_Age Under 30	1,808.23	0.0000	0.68%	1.1%	19.37
Intellectual Disability_Bipolar	389.58	0.0000	0.06%	5.6%	21.96
Intellectual Disability_Other Mental Illness	393.97	0.0000	0.16%	15.6%	61.62
Overnight_Age Under 30	253.34	0.0000	0.12%	4.9%	12.32
Overnight_Alzheimers_Dementia_Decision Making	167.32	0.0000	0.11%	64.0%	107.15
Overnight_Mental Illness	549.91	0.0000	0.35%	11.9%	65.51
Overnight_Mental Illness_Age Under 30	1,743.45	0.0000	1.53%	2.1%	35.98
Trauma BI Post-22_Other Mental Illness	403.21	0.0000	0.02%	2.2%	8.69
Dress_Bath	422.09	0.0000	0.94%	44.4%	187.41
Transfer_Equip_Mobility	531.58	0.0000	0.22%	5.6%	29.81
Behavioral Variables (Add-On)					
Cognition_3	405.81	0.0000	1.63%	25.8%	104.68
Injury_1	323.45	0.0000	0.06%	5.1%	16.64
Injury_2	389.88	0.0000	0.09%	5.3%	20.82
Offensive_1	467.23	0.0000	0.35%	8.7%	40.69
Offensive_2	874.32	0.0000	1.00%	10.2%	89.36
Offensive_3	2,112.74	0.0000	4.91%	9.5%	201.41
Wander_2	1,387.52	0.0000	3.22%	4.0%	55.12
Mental Health_2	208.76	0.0000	0.87%	61.0%	127.30
Resistive_1	366.02	0.0000	5.66%	8.3%	30.35
Medication Use (Add-On)					
Meds_2B	486.04	0.0000	6.44%	72.3%	351.37
Health Related Services (Add-On)					
Exercise	375.05	0.0000	1.02%	10.7%	40.10
Respirate	277.98	0.0000	0.20%	5.7%	15.88
Ostomy	812.14	0.0000	0.08%	0.7%	5.33
Overnight	374.14	0.0000	9.61%	82.6%	309.08
Urinary	653.52	0.0000	0.10%	0.9%	6.02
Tracheostomy	3,156.25	0.0000	0.67%	0.3%	8.04
Reposition	482.93	0.0000	6.12%	7.0%	34.01
Diagnoses (Add-On)					
Intellectual Disability	190.68	0.0000	1.08%	63.7%	121.40
Incidents					
Incidents_0	0.00	0.0000	0.00%	94.1%	0.00
Incidents_1	749.16	0.0000	0.65%	3.6%	26.89
Incidents_2	1,556.92	0.0000	0.69%	1.1%	16.86
Incidents_3+	2,105.15	0.0000	1.82%	1.2%	25.25

Exhibit E2
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Functional Screen Regression Model of 2016-2017 for Family Care Nursing Home Population
Physically Disabled

				R-Squared	49.7%
Variable	**Family Care Statewide Estimate**	**p-Value**	**Incremental Partial R^2**	**Proportion with Variable**	**Incremental Increase**
Intercept (Grid Component)	651.53			100.0%	651.53
DD/NH Level of Care (Grid Component)					
SNF	503.14	0.0000	0.49%	22.9%	115.07
Vent Dependent	7,306.54	0.0000	1.45%	0.5%	34.06
Number of IADLs (Grid Component)					
IADL_1	0.00	0.0000	0.00%	15.5%	0.00
IADL_2	158.36	0.0000	0.05%	21.7%	34.32
IADL_3	293.78	0.0000	0.11%	20.0%	58.64
IADL_4	474.98	0.0000	0.22%	17.4%	82.75
IADL_5	693.30	0.0000	0.31%	18.1%	125.74
IADL_6	840.69	0.0000	0.07%	7.3%	61.35
Specific ADLs / Equipment Used (Add-On)					
Bathing_2	308.92	0.0000	0.45%	32.6%	100.65
Transfer_2	807.11	0.0000	1.86%	19.0%	152.96
Interaction Terms (Add-On)					
Injury_Overnight_Mental Illness	1,997.08	0.0000	0.16%	0.2%	4.32
Offensive_2_Mobility_1_Age 60 and Under	691.54	0.0000	0.03%	0.4%	2.64
Overnight_Alzheimers_Dementia_Decision Making	336.28	0.0000	0.23%	15.5%	52.05
Overnight_Mental Illness	447.41	0.0000	0.55%	7.5%	33.64
Spinal Injury_Alcohol/Drug Abuse	675.55	0.0000	0.04%	0.7%	4.75
Dress_Bath	168.77	0.0000	0.31%	63.8%	107.75
Vent Dependent_Tracheostomy	4,520.56	0.0000	1.66%	0.2%	8.05
Transfer_Equip_Mobility	582.06	0.0000	0.86%	5.5%	31.77
Behavioral Variables (Add-On)					
Offensive_1	625.62	0.0000	0.30%	2.1%	13.25
Offensive_2	744.04	0.0000	0.79%	1.9%	14.11
Offensive_3	1,335.59	0.0000	0.74%	1.0%	12.74
Wander_2	293.95	0.0000	0.29%	0.9%	2.53
Mental Health_2	87.06	0.0000	0.06%	74.4%	64.77
Alcohol Drug Abuse	179.70	0.0000	0.08%	20.1%	36.19
Medication Use (Add-On)					
Meds_2B	286.87	0.0000	2.60%	35.5%	101.97
Health Related Services (Add-On)					
Exercise	264.94	0.0000	0.49%	10.3%	27.27
Ulcer Stage 2-3-4	954.02	0.0000	0.78%	3.0%	28.79
Overnight	264.48	0.0000	5.39%	58.8%	155.39
Urinary	572.55	0.0000	1.00%	2.9%	16.39
Wound	385.18	0.0000	0.94%	4.0%	15.33
Tracheostomy	3,424.78	0.0000	7.49%	0.7%	24.97
Reposition	801.74	0.0000	16.82%	7.3%	58.83
Diagnoses (Add-On)					
Alzheimers	135.34	0.0000	2.31%	9.4%	12.78
New Variables					
Bath_Position	71.47	0.0000	0.06%	80.0%	57.19
Incidents					
Incidents_0	0.00	0.0000	0.00%	96.5%	0.00
Incidents_1	559.06	0.0000	0.35%	2.6%	14.76
Incidents_2+	800.44	0.0000	0.39%	0.9%	7.01

Exhibit E3
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Functional Screen Regression Model of 2016-2017 for Family Care Nursing Home Population
Frail Elderly

				R-Squared	37.4%
Variable	**Family Care Statewide Estimate**	**p-Value**	**Incremental Partial R^2**	**Proportion with Variable**	**Incremental Increase**
Intercept (Grid Component)	538.25			100.0%	538.25
DD/NH Level of Care (Grid Component)					
SNF	394.08	0.0000	0.75%	22.5%	88.48
Vent Dependent	3,062.54	0.0000	0.09%	0.1%	2.43
Number of IADLs (Grid Component)					
IADL_1	0.00	0.0000	0.00%	7.0%	0.00
IADL_2	223.90	0.0000	0.07%	12.2%	27.41
IADL_3	457.15	0.0000	0.28%	12.8%	58.72
IADL_4-5-6	779.96	0.0000	1.04%	67.9%	529.87
Specific ADLs / Equipment Used (Add-On)					
Transfer_2	587.63	0.0000	1.79%	27.2%	160.01
Bathing_2	185.61	0.0000	0.38%	55.7%	103.48
Interaction Terms (Add-On)					
Dress_Toilet	303.38	0.0000	2.56%	57.6%	174.84
Injury_Overnight_Mental Illness	1,536.41	0.0000	0.09%	0.1%	1.93
Overnight_Mental Illness	300.81	0.0000	0.56%	8.8%	26.58
Seizure_Post-22_Depression	146.15	0.0000	0.02%	1.7%	2.52
Trauma BI Post-22_Other Mental Illness	605.70	0.0000	0.01%	0.1%	0.53
Transfer_Equip_Mobility	653.42	0.0000	1.88%	7.5%	48.90
Behavioral Variables (Add-On)					
Offensive_3	466.76	0.0000	0.47%	1.4%	6.52
Offensive_1-2	330.01	0.0000	0.60%	5.2%	17.01
Mental Health_2	159.00	0.0000	0.25%	59.7%	94.96
Alcohol Drug Abuse	193.66	0.0000	0.03%	6.5%	12.59
Health Related Services (Add-On)					
Exercise	182.57	0.0000	0.49%	7.6%	13.83
Ulcer Stage 2	159.66	0.0000	0.05%	1.0%	1.65
Ulcer Stage 3-4	642.01	0.0000	0.23%	0.6%	3.66
Respirate	112.08	0.0000	0.40%	7.7%	8.61
Overnight	360.54	0.0000	7.56%	77.0%	277.48
Urinary	292.04	0.0000	0.29%	0.8%	2.40
Tracheostomy	1,206.10	0.0000	0.08%	0.1%	1.30
Reposition	402.15	0.0000	7.66%	7.3%	29.17
Diagnoses (Add-On)					
Alzheimers	265.81	0.0000	8.80%	40.6%	107.90
Mental Illness	108.00	0.0000	0.65%	23.0%	24.80
New Variables					
Bath_Position	164.78	0.0000	0.07%	90.4%	149.03
Incidents					
Incidents_0	0.00	0.0000	0.00%	98.5%	0.00
Incidents_1+	436.83	0.0000	0.24%	1.5%	6.39

Exhibit F1
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
MCO / GSR Functional Screen Attribute Distribution for Family Care Partnership / PACE - June 2018 Enrollment
Developmentally Disabled

Variable	Statewide Estimate	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Intercept (Grid Component)	171.73	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
DD/NH Level of Care (Grid Component)														
Vent Dependent	4,999.97	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	1.6%	0.0%	0.0%
Dual Enrollee	198.72	71.5%	80.0%	72.3%	77.7%	71.5%	58.6%	53.1%	71.9%	85.5%	73.9%	57.6%	82.4%	79.2%
DD1A	385.87	9.5%	5.3%	0.0%	2.7%	9.5%	0.3%	0.0%	9.3%	3.6%	2.9%	0.8%	2.9%	1.9%
High Cost (4 Parameters)	857.97	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	0.0%	0.0%
Number of IADLs (Grid Component)														
IADL_1	0.00	4.7%	2.7%	0.0%	3.4%	4.7%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%
IADL_2	110.62	0.0%	6.7%	18.1%	5.6%	0.0%	2.9%	0.0%	19.3%	5.5%	5.8%	2.4%	5.9%	5.7%
IADL_3	225.91	9.5%	4.0%	16.9%	12.1%	9.5%	9.3%	9.4%	13.9%	9.1%	5.8%	6.4%	5.9%	9.4%
IADL_4	536.18	14.2%	14.7%	0.0%	22.7%	14.2%	26.4%	43.8%	32.5%	23.6%	23.2%	12.3%	29.4%	18.9%
IADL_5	943.48	47.8%	29.3%	65.1%	36.1%	47.8%	33.3%	9.4%	20.1%	40.0%	34.8%	38.1%	17.6%	34.0%
IADL_6	1,182.12	23.7%	42.7%	0.0%	20.1%	23.7%	27.0%	37.5%	14.2%	21.8%	30.3%	40.8%	41.2%	30.2%
Specific ADLs / Equipment Used (Add-On)														
Eating_2	238.27	19.3%	33.3%	18.1%	19.5%	19.3%	15.1%	0.0%	14.2%	18.2%	23.2%	27.8%	20.6%	17.0%
Transfer_2	659.77	9.8%	34.7%	36.1%	25.2%	9.8%	17.4%	15.6%	18.9%	32.7%	11.6%	23.0%	23.5%	18.9%
Interaction Terms (Add-On)														
Other Federal DD_Anxiety	208.90	9.5%	4.0%	0.0%	6.4%	9.5%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	0.0%
Bath_Eat	170.12	19.3%	46.7%	18.1%	33.2%	19.3%	18.3%	18.8%	23.2%	16.4%	24.5%	25.0%	23.5%	18.9%
Behaviors_Autism	626.93	4.7%	6.7%	0.0%	0.0%	4.7%	1.7%	0.0%	0.0%	1.8%	2.9%	14.3%	5.9%	0.0%
Injury_Overnight	879.55	0.0%	1.3%	0.0%	0.4%	0.0%	0.6%	0.0%	0.0%	3.6%	0.0%	10.3%	0.0%	0.0%
Injury_Overnight_Age Under 30	1,808.23	0.0%	1.3%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	3.2%	0.0%	0.0%
Intellectual Disability_Bipolar	389.58	9.5%	2.7%	0.0%	1.9%	9.5%	3.5%	9.4%	0.0%	9.1%	5.8%	7.9%	2.9%	9.4%
Intellectual Disability_Other Mental Illness	393.97	9.5%	13.3%	0.0%	5.7%	9.5%	10.4%	28.1%	0.0%	7.3%	2.9%	15.1%	0.0%	22.6%
Overnight_Age Under 30	253.34	4.7%	6.7%	0.0%	2.7%	4.7%	6.4%	9.4%	9.3%	0.0%	5.8%	11.9%	11.8%	3.8%
Overnight_Alzheimers_Dementia_Decision Making	167.32	71.5%	69.3%	45.8%	52.1%	71.5%	52.5%	75.0%	29.7%	85.5%	65.2%	84.9%	76.5%	73.6%
Overnight_Mental Illness	549.91	9.5%	16.0%	0.0%	4.6%	9.5%	8.7%	18.8%	13.9%	23.6%	14.5%	18.3%	8.8%	15.1%
Overnight_Mental Illness_Age Under 30	1,743.45	4.7%	2.7%	0.0%	0.4%	4.7%	1.2%	9.4%	0.0%	0.0%	2.9%	2.4%	2.9%	0.0%
Trauma BI Post-22_Other Mental Illness	403.21	4.7%	5.3%	0.0%	3.8%	4.7%	2.3%	0.0%	9.6%	9.1%	2.9%	7.9%	2.9%	9.4%
Dress_Bath	422.09	57.3%	65.3%	54.2%	69.6%	57.3%	46.1%	46.9%	61.1%	65.5%	44.8%	49.7%	55.9%	62.3%
Transfer_Equip_Mobility	531.58	5.1%	16.0%	18.1%	9.6%	5.1%	9.3%	0.0%	4.6%	12.7%	5.8%	9.5%	11.8%	5.7%
Behavioral Variables (Add-On)														
Cognition_3	405.81	14.6%	41.3%	18.1%	16.8%	14.6%	26.1%	9.4%	6.5%	23.6%	14.5%	44.5%	41.2%	18.9%
Injury_1	323.45	0.0%	4.0%	0.0%	5.7%	0.0%	5.2%	0.0%	0.0%	0.0%	8.7%	2.4%	2.9%	3.8%
Injury_2	389.88	0.0%	8.0%	0.0%	1.5%	0.0%	4.1%	0.0%	4.6%	1.8%	2.9%	4.0%	11.8%	0.0%
Offensive_1	467.23	14.6%	8.0%	34.9%	11.1%	14.6%	5.2%	0.0%	13.9%	3.6%	5.8%	4.8%	5.9%	5.7%
Offensive_2	874.32	9.5%	8.0%	0.0%	4.2%	9.5%	6.4%	0.0%	4.6%	3.6%	17.4%	12.7%	8.8%	0.0%
Offensive_3	2,112.74	4.7%	9.3%	0.0%	0.8%	4.7%	3.2%	0.0%	0.0%	5.5%	0.0%	27.8%	2.9%	3.8%
Wander_2	1,387.52	0.0%	4.0%	0.0%	3.4%	0.0%	4.6%	9.4%	0.0%	1.8%	5.8%	10.3%	0.0%	0.0%
Mental Health_2	208.76	62.0%	72.0%	100.0%	71.2%	62.0%	65.5%	75.0%	67.5%	69.1%	85.5%	68.7%	79.4%	83.0%
Resistive_1	366.02	0.0%	8.0%	18.1%	6.5%	0.0%	3.8%	0.0%	4.6%	1.8%	5.8%	11.1%	2.9%	1.9%
Medication Use (Add-On)														
Meds_2B	486.04	76.3%	76.0%	71.1%	67.5%	76.3%	76.6%	75.0%	48.2%	87.3%	76.8%	86.5%	76.5%	84.9%
Health Related Services (Add-On)														
Exercise	375.05	43.0%	28.0%	18.1%	20.5%	43.0%	5.2%	9.4%	18.5%	1.8%	2.9%	16.3%	11.8%	0.0%
Respirate	277.98	14.2%	1.3%	0.0%	6.1%	14.2%	4.6%	0.0%	9.6%	1.8%	2.9%	7.1%	11.8%	3.8%
Ostomy	812.14	0.0%	0.0%	0.0%	1.1%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.8%	0.0%	1.9%
Overnight	374.14	76.3%	80.0%	81.9%	79.1%	76.3%	69.9%	90.6%	58.3%	96.4%	76.8%	96.8%	94.1%	84.9%
Urinary	653.52	5.1%	0.0%	0.0%	1.9%	5.1%	1.2%	0.0%	0.0%	1.8%	2.9%	2.4%	2.9%	1.9%
Tracheostomy	3,156.25	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	0.0%	0.0%	1.8%	2.9%	2.4%	2.9%	0.0%
Reposition	482.93	9.8%	17.3%	36.1%	10.7%	9.8%	9.8%	9.4%	14.2%	10.9%	5.8%	11.9%	14.7%	7.5%
Diagnoses (Add-On)														
Intellectual Disability	190.68	38.3%	46.7%	0.0%	28.6%	38.3%	45.5%	75.0%	29.4%	49.1%	40.7%	53.5%	32.4%	60.4%
Incidents														
Incidents_0	0.00	100.0%	96.0%	81.9%	98.5%	100.0%	94.2%	81.3%	100.0%	96.4%	94.2%	88.9%	97.1%	100.0%
Incidents_1	749.16	0.0%	1.3%	0.0%	1.5%	0.0%	4.6%	18.8%	0.0%	1.8%	5.8%	7.9%	0.0%	0.0%
Incidents_2	1,556.92	0.0%	1.3%	18.1%	0.0%	0.0%	0.6%	0.0%	0.0%	1.8%	0.0%	2.4%	0.0%	0.0%
Incidents_3+	2,105.15	0.0%	1.3%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.8%	2.9%	0.0%
Developmentally Disabled Base Composite	**$3,591.14**	**$3,452.07**	**$4,173.99**	**$3,388.32**	**$3,144.85**	**$3,452.07**	**$3,240.36**	**$3,352.97**	**$2,584.35**	**$3,689.49**	**$3,369.98**	**$5,008.69**	**$3,717.22**	**$3,307.36**

Exhibit F2
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
MCO / GSR Functional Screen Attribute Distribution for Family Care Partnership / PACE - June 2018 Enrollment
Physically Disabled

Variable	Statewide Estimate	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Intercept (Grid Component)	651.53	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
DD/NH Level of Care (Grid Component)														
SNF	503.14	36.1%	24.8%	0.0%	17.4%	36.1%	15.6%	6.3%	19.8%	30.0%	32.9%	43.2%	9.5%	22.9%
Vent Dependent	7,306.54	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Number of IADLs (Grid Component)														
IADL_1	0.00	0.0%	11.9%	95.2%	12.6%	0.0%	23.4%	18.8%	8.7%	14.0%	6.7%	3.3%	14.3%	20.0%
IADL_2	158.36	23.7%	28.7%	0.0%	22.8%	23.7%	22.4%	37.5%	13.6%	16.0%	26.8%	25.5%	38.1%	22.8%
IADL_3	293.78	12.4%	17.9%	4.8%	25.9%	12.4%	17.4%	25.0%	35.9%	12.0%	24.7%	9.2%	14.3%	20.0%
IADL_4	474.98	16.6%	19.1%	0.0%	17.3%	16.6%	18.7%	6.3%	22.0%	20.0%	10.1%	18.3%	14.3%	14.3%
IADL_5	693.30	39.5%	21.8%	0.0%	14.6%	39.5%	11.9%	6.3%	13.6%	30.0%	18.2%	28.0%	14.3%	19.9%
IADL_6	840.69	7.9%	0.6%	0.0%	6.8%	7.9%	6.3%	6.3%	6.2%	8.0%	13.4%	15.7%	4.8%	2.9%
Specific ADLs / Equipment Used (Add-On)														
Bathing_2	308.92	47.4%	43.6%	0.0%	34.9%	47.4%	25.7%	18.8%	43.3%	20.0%	13.4%	25.8%	9.5%	8.6%
Transfer_2	807.11	15.8%	22.1%	0.0%	18.3%	15.8%	14.1%	18.8%	23.5%	20.0%	18.2%	23.1%	9.5%	11.5%
Interaction Terms (Add-On)														
Injury_Overnight_Mental Illness	1,997.08	0.0%	0.0%	0.0%	0.2%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Offensive_2_Mobility_1_Age 60 and Under	691.54	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	0.0%	0.0%
Overnight_Alzheimers_Dementia_Decision Making	336.28	36.8%	12.5%	0.0%	10.8%	36.8%	10.4%	6.3%	11.1%	42.0%	24.9%	33.2%	9.5%	11.5%
Overnight_Mental Illness	447.41	4.5%	12.5%	0.0%	3.7%	4.5%	2.8%	0.0%	5.0%	4.0%	13.4%	21.8%	0.0%	5.7%
Spinal Injury_Alcohol/Drug Abuse	675.55	0.0%	0.0%	0.0%	0.8%	0.0%	0.6%	0.0%	2.5%	0.0%	3.4%	3.9%	0.0%	0.0%
Dress_Bath	168.77	75.5%	68.6%	4.8%	75.2%	75.5%	70.0%	62.5%	69.3%	76.0%	61.9%	59.9%	52.4%	42.8%
Vent Dependent_Tracheostomy	4,520.56	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transfer_Equip_Mobility	582.06	7.9%	2.9%	0.0%	6.0%	7.9%	1.9%	12.5%	9.9%	14.0%	6.7%	6.5%	0.0%	0.0%
Behavioral Variables (Add-On)														
Offensive_1	625.62	0.0%	2.4%	0.0%	2.5%	0.0%	0.6%	0.0%	1.2%	0.0%	6.7%	2.6%	4.8%	0.0%
Offensive_2	744.04	7.9%	2.4%	0.0%	0.6%	7.9%	0.6%	0.0%	1.2%	2.0%	0.0%	3.9%	0.0%	0.0%
Offensive_3	1,335.59	4.5%	0.0%	0.0%	0.4%	4.5%	0.6%	0.0%	0.0%	2.0%	0.0%	5.2%	0.0%	0.0%
Wander_2	293.95	7.9%	0.0%	0.0%	0.8%	7.9%	0.9%	0.0%	1.2%	0.0%	0.0%	3.9%	0.0%	0.0%
Mental Health_2	87.06	91.3%	90.1%	95.2%	79.2%	91.3%	73.8%	68.8%	77.7%	66.0%	89.9%	75.1%	81.0%	85.7%
Alcohol Drug Abuse	179.70	40.3%	46.6%	52.4%	24.5%	40.3%	15.8%	12.5%	39.6%	30.0%	36.9%	25.8%	23.8%	22.9%
Medication Use (Add-On)														
Meds_2B	286.87	52.6%	24.4%	0.0%	24.7%	52.6%	26.7%	25.0%	18.3%	48.0%	53.0%	47.6%	28.6%	34.3%
Health Related Services (Add-On)														
Exercise	264.94	63.2%	30.4%	0.0%	18.4%	63.2%	3.0%	18.8%	12.4%	12.0%	6.7%	7.8%	4.8%	0.0%
Ulcer Stage 2-3-4	954.02	7.9%	2.4%	0.0%	3.5%	7.9%	3.5%	6.3%	6.2%	4.0%	4.6%	5.2%	0.0%	2.9%
Overnight	264.48	84.2%	54.6%	0.0%	58.5%	84.2%	34.6%	31.3%	53.0%	78.0%	59.7%	86.2%	42.9%	48.5%
Urinary	572.55	0.0%	2.4%	0.0%	2.9%	0.0%	1.3%	0.0%	5.0%	2.0%	3.4%	2.6%	0.0%	0.0%
Wound	385.18	0.0%	10.1%	0.0%	4.1%	0.0%	2.5%	0.0%	1.2%	8.0%	4.8%	6.5%	0.0%	2.9%
Tracheostomy	3,424.78	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Reposition	801.74	15.8%	10.1%	0.0%	7.2%	15.8%	5.4%	12.5%	7.4%	12.0%	10.1%	19.2%	0.0%	0.0%
Diagnoses (Add-On)														
Alzheimers	135.34	32.4%	4.8%	0.0%	5.5%	32.4%	7.9%	12.5%	6.2%	16.0%	14.9%	7.1%	4.8%	11.5%
New Variables														
Bath_Position	71.47	83.4%	88.1%	100.0%	89.7%	83.4%	82.0%	75.0%	86.4%	84.0%	85.3%	62.5%	100.0%	68.6%
Incidents														
Incidents_0	0.00	100.0%	100.0%	100.0%	98.6%	100.0%	95.6%	100.0%	97.5%	100.0%	100.0%	98.7%	90.5%	100.0%
Incidents_1	559.06	0.0%	0.0%	0.0%	1.4%	0.0%	4.1%	0.0%	1.2%	0.0%	0.0%	0.0%	4.8%	0.0%
Incidents_2+	800.44	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	1.2%	0.0%	0.0%	1.3%	4.8%	0.0%
Physically Disabled Base Composite	**$2,198.81**	**$3,056.57**	**$2,380.20**	**$922.06**	**$2,212.94**	**$3,056.57**	**$1,898.07**	**$1,866.60**	**$2,369.82**	**$2,612.47**	**$2,475.69**	**$2,941.28**	**$1,729.02**	**$1,792.51**

Exhibit F3
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
MCO / GSR Functional Screen Attribute Distribution for Family Care Partnership / PACE - June 2018 Enrollment
Frail Elderly

Variable	Statewide Estimate	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Intercept (Grid Component)	538.25	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
DD/NH Level of Care (Grid Component)														
SNF	394.08	37.8%	29.4%	0.0%	21.0%	37.8%	20.6%	35.7%	7.9%	21.0%	23.0%	19.2%	29.2%	22.6%
Vent Dependent	3,062.54	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Number of IADLs (Grid Component)														
IADL_1	0.00	8.1%	8.7%	0.0%	8.4%	8.1%	19.3%	7.1%	13.4%	4.0%	3.3%	2.5%	7.2%	12.0%
IADL_2	223.90	13.5%	4.4%	40.0%	11.8%	13.5%	23.7%	21.4%	15.8%	9.2%	11.5%	7.6%	4.2%	16.6%
IADL_3	457.15	8.1%	16.2%	20.0%	15.2%	8.1%	23.7%	14.3%	11.1%	13.1%	19.7%	12.6%	16.7%	1.5%
IADL_4-5-6	779.96	70.3%	70.7%	40.0%	64.6%	70.3%	33.4%	57.1%	59.7%	73.7%	65.6%	77.3%	72.0%	69.9%
Specific ADLs / Equipment Used (Add-On)														
Transfer_2	587.63	40.5%	23.9%	0.0%	25.7%	40.5%	14.3%	28.6%	15.5%	22.7%	21.3%	29.3%	20.8%	26.2%
Bathing_2	185.61	64.9%	63.1%	20.0%	52.0%	64.9%	28.7%	35.7%	42.3%	45.5%	32.8%	39.4%	37.5%	38.3%
Interaction Terms (Add-On)														
Dress_Toilet	303.38	78.4%	66.4%	20.0%	61.2%	78.4%	36.2%	42.9%	53.4%	55.5%	50.8%	64.6%	52.1%	48.8%
Injury_Overnight_Mental Illness	1,536.41	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Overnight_Mental Illness	300.81	2.7%	11.9%	0.0%	6.1%	2.7%	3.5%	0.0%	4.4%	9.0%	13.1%	10.1%	6.3%	7.5%
Seizure_Post-22_Depression	146.15	0.0%	1.1%	0.0%	0.9%	0.0%	2.6%	0.0%	0.0%	1.9%	3.3%	2.5%	4.2%	4.5%
Trauma BI Post-22_Other Mental Illness	605.70	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.1%	0.0%	0.2%	0.0%	2.5%	0.0%	0.0%
Transfer_Equip_Mobility	653.42	29.7%	13.1%	0.0%	7.9%	29.7%	4.8%	7.1%	4.8%	8.4%	6.6%	5.1%	4.2%	9.0%
Behavioral Variables (Add-On)														
Offensive_3	466.76	2.7%	2.2%	0.0%	0.3%	2.7%	1.3%	0.0%	0.0%	3.0%	1.6%	0.0%	0.0%	0.0%
Offensive_1-2	330.01	13.5%	7.6%	0.0%	3.1%	13.5%	2.0%	0.0%	3.2%	2.8%	6.6%	2.5%	4.2%	1.5%
Mental Health_2	159.00	70.3%	69.5%	80.0%	67.3%	70.3%	57.4%	78.6%	66.2%	54.3%	77.0%	55.6%	76.2%	52.7%
Alcohol Drug Abuse	193.66	5.4%	24.9%	0.0%	12.0%	5.4%	8.3%	7.1%	12.7%	8.5%	11.5%	12.6%	6.3%	10.5%
Health Related Services (Add-On)														
Exercise	182.57	40.5%	30.5%	0.0%	12.1%	40.5%	1.3%	7.1%	3.2%	8.2%	6.6%	12.6%	10.4%	2.1%
Ulcer Stage 2	159.66	0.0%	5.4%	0.0%	0.4%	0.0%	1.8%	0.0%	1.6%	0.6%	0.0%	0.0%	0.0%	0.0%
Ulcer Stage 3-4	642.01	2.7%	0.0%	0.0%	0.8%	2.7%	1.8%	14.3%	0.0%	0.9%	3.3%	2.5%	4.2%	3.0%
Respirate	112.08	13.5%	6.4%	0.0%	8.6%	13.5%	3.9%	14.3%	3.2%	7.9%	16.4%	12.6%	14.6%	12.0%
Overnight	360.54	81.1%	83.7%	60.0%	74.9%	81.1%	35.5%	64.3%	64.4%	89.9%	72.1%	100.0%	81.3%	75.9%
Urinary	292.04	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	3.2%	0.1%	3.3%	5.1%	4.2%	0.0%
Tracheostomy	1,206.10	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	1.6%	0.0%	0.0%	0.0%
Reposition	402.15	27.0%	6.5%	0.0%	5.7%	27.0%	5.3%	28.6%	7.9%	14.1%	11.5%	11.6%	4.2%	7.5%
Diagnoses (Add-On)														
Alzheimers	265.81	35.1%	50.0%	0.0%	37.5%	35.1%	21.9%	64.3%	42.6%	53.4%	31.1%	52.0%	45.8%	48.2%
Mental Illness	108.00	13.5%	18.4%	60.0%	21.9%	13.5%	29.8%	14.3%	21.9%	22.9%	42.6%	30.3%	22.0%	27.1%
New Variables														
Bath_Position	164.78	91.9%	93.5%	100.0%	93.6%	91.9%	82.2%	85.7%	88.9%	89.3%	85.2%	75.8%	93.8%	92.5%
Incidents														
Incidents_0	0.00	100.0%	98.9%	100.0%	99.5%	100.0%	97.8%	100.0%	95.2%	98.7%	100.0%	100.0%	97.9%	98.5%
Incidents_1+	436.83	0.0%	1.1%	0.0%	0.5%	0.0%	2.2%	0.0%	4.8%	1.3%	0.0%	0.0%	2.1%	1.5%
Frail Elderly Base Composite	**$2,459.56**	**$3,047.92**	**$2,776.65**	**$1,702.14**	**$2,484.78**	**$3,047.92**	**$1,873.04**	**$2,625.87**	**$2,227.19**	**$2,611.44**	**$2,513.40**	**$2,707.39**	**$2,542.70**	**$2,443.78**

Exhibit G1
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Development of Service Portion of LTC Rate

DD Development	(A)	(B)	(C) = (A) × (B)	(D)	(E) = (C) + (D)	(F1)	(F2)	(F3)	(F4)	(F5)	(F6)	(G) = (E) x (F)
	MCO/GSR Specific Base Rate Development					Projection to CY 2019						
		2019 FC Regression Results				2019 DD Adjustment Factors						
	2019 Exposure Months	FC Statewide DD Base Costs	FCP Risk Score - June 2018 Enrollment	MCO/GSR Specific Risk Adjusted Rate	Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	Two-Year Utilization Trend	Two-Year Unit Cost Trend	One-Year Acuity Trend	Wage Index	Personal Care Rate Increase	DME Adjustment	Projected Per Capita Monthly Costs
Care WI (GSR 3)	277	$3,631.85	0.9505	$3,452.07	$103.76	$3,555.83	0.9994	0.9979	1.0210	0.9625	1.0001	0.9996	$3,483.53
Care WI (GSR 5)	945	3,631.85	1.1493	4,173.99	103.76	4,277.75	0.9994	0.9979	1.0210	0.9917	1.0001	0.9996	4,318.08
Care WI (GSR 6)	73	3,631.85	0.9329	3,388.32	103.76	3,492.08	0.9994	0.9979	1.0210	1.0134	1.0001	0.9996	3,601.85
Care WI (GSR 12)	3,189	3,631.85	0.8659	3,144.85	103.76	3,248.62	0.9994	0.9979	1.0210	1.0474	1.0001	0.9996	3,463.42
iCare (GSR 3)	0	3,631.85	0.9505	3,452.07	103.76	3,555.83	0.9994	0.9979	1.0210	0.9625	1.0001	0.9996	3,483.53
iCare (GSR 8)	2,110	3,631.85	0.8922	3,240.36	103.76	3,344.12	0.9994	0.9979	1.0210	1.0134	1.0001	0.9996	3,449.24
iCare (GSR 11)	187	3,631.85	0.9232	3,352.97	103.76	3,456.73	0.9994	0.9979	1.0210	1.0238	1.0001	0.9996	3,602.18
iCare (GSR 12)	353	3,631.85	0.7116	2,584.35	103.76	2,688.11	0.9994	0.9979	1.0210	1.0474	1.0001	0.9996	2,865.85
CCHP - PACE	716	3,631.85	1.0159	3,689.49	103.76	3,793.26	0.9994	0.9979	1.0210	1.0134	1.0001	0.9996	3,912.49
CCHP (GSR 6)	435	3,631.85	0.9279	3,369.98	103.76	3,473.74	0.9994	0.9979	1.0210	1.0134	1.0001	0.9996	3,582.94
CCHP (GSR 8)	1,571	3,631.85	1.3791	5,008.69	103.76	5,112.46	0.9994	0.9979	1.0210	1.0134	1.0001	0.9996	5,273.16
CCHP (GSR 10)	431	3,631.85	1.0235	3,717.22	103.76	3,820.98	0.9994	0.9979	1.0210	0.9971	1.0001	0.9996	3,877.84
CCHP (GSR 11)	665	3,631.85	0.9107	3,307.36	103.76	3,411.12	0.9994	0.9979	1.0210	1.0238	1.0001	0.9996	3,554.66
Total DD Cohort	**10,951**	**$3,631.85**	**0.9888**	**$3,591.14**	**$103.76**	**$3,694.90**	**0.9994**	**0.9979**	**1.0210**	**1.0196**	**1.0001**	**0.9996**	**$3,834.44**

PD Development	(A)	(B)	(C) = (A) × (B)	(D)	(E) = (C) + (D)	(F1)	(F2)	(F3)	(F4)	(F5)	(F6)	(G) = (E) x (F)
	MCO/GSR Specific Base Rate Development					Projection to CY 2019						
		2019 FC Regression Results				2019 PD Adjustment Factors						
	2019 Exposure Months	FC Statewide PD Base Costs	FCP Risk Score - June 2018 Enrollment	MCO/GSR Specific Risk Adjusted Rate	Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	Two-Year Utilization Trend	Two-Year Unit Cost Trend	One-Year Acuity Trend	Wage Index	Personal Care Rate Increase	DME Adjustment	Projected Per Capita Monthly Costs
Care WI (GSR 3)	163	$2,326.31	1.3139	$3,056.57	$103.76	$3,160.33	1.0174	1.0091	0.9970	0.9625	1.0003	0.9984	$3,109.62
Care WI (GSR 5)	613	2,326.31	1.0232	2,380.20	103.76	2,483.96	1.0174	1.0091	0.9970	0.9917	1.0003	0.9984	2,518.35
Care WI (GSR 6)	58	2,326.31	0.3964	922.06	103.76	1,025.83	1.0174	1.0091	0.9970	1.0134	1.0003	0.9984	1,062.70
Care WI (GSR 12)	5,954	2,326.31	0.9513	2,212.94	103.76	2,316.70	1.0174	1.0091	0.9970	1.0474	1.0003	0.9984	2,480.70
iCare (GSR 3)	0	2,326.31	1.3139	3,056.57	103.76	3,160.33	1.0174	1.0091	0.9970	0.9625	1.0003	0.9984	3,109.62
iCare (GSR 8)	4,043	2,326.31	0.8159	1,898.07	103.76	2,001.83	1.0174	1.0091	0.9970	1.0134	1.0003	0.9984	2,073.79
iCare (GSR 11)	231	2,326.31	0.8024	1,866.60	103.76	1,970.36	1.0174	1.0091	0.9970	1.0238	1.0003	0.9984	2,062.26
iCare (GSR 12)	1,291	2,326.31	1.0187	2,369.82	103.76	2,473.58	1.0174	1.0091	0.9970	1.0474	1.0003	0.9984	2,648.67
CCHP - PACE	681	2,326.31	1.1230	2,612.47	103.76	2,716.23	1.0174	1.0091	0.9970	1.0134	1.0003	0.9984	2,813.88
CCHP (GSR 6)	464	2,326.31	1.0642	2,475.69	103.76	2,579.46	1.0174	1.0091	0.9970	1.0134	1.0003	0.9984	2,672.18
CCHP (GSR 8)	976	2,326.31	1.2644	2,941.28	103.76	3,045.04	1.0174	1.0091	0.9970	1.0134	1.0003	0.9984	3,154.51
CCHP (GSR 10)	292	2,326.31	0.7432	1,729.02	103.76	1,832.79	1.0174	1.0091	0.9970	0.9971	1.0003	0.9984	1,868.20
CCHP (GSR 11)	460	2,326.31	0.7705	1,792.51	103.76	1,896.27	1.0174	1.0091	0.9970	1.0238	1.0003	0.9984	1,984.71
Total PD Cohort	**15,225**	**$2,326.31**	**0.9452**	**$2,198.81**	**$103.76**	**$2,302.58**	**1.0174**	**1.0091**	**0.9970**	**1.0283**	**1.0003**	**0.9984**	**$2,420.60**

FE Development	(A)	(B)	(C) = (A) × (B)	(D)	(E) = (C) + (D)	(F1)	(F2)	(F3)	(F4)	(F5)	(F6)	(G) = (E) x (F)
	MCO/GSR Specific Base Rate Development					Projection to CY 2019						
		2019 FC Regression Results				2019 FE Adjustment Factors						
	2019 Exposure Months	FC Statewide FE Base Costs	FCP Risk Score - June 2018 Enrollment	MCO/GSR Specific Risk Adjusted Rate	Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	Two-Year Utilization Trend	Two-Year Unit Cost Trend	One-Year Acuity Trend	Wage Index	Personal Care Rate Increase	DME Adjustment	Projected Per Capita Monthly Costs
Care WI (GSR 3)	451	$2,521.26	1.2089	$3,047.92	$103.76	$3,151.69	0.9852	1.0201	1.0120	0.9625	1.0001	0.9993	$3,083.35
Care WI (GSR 5)	1,208	2,521.26	1.1013	2,776.65	103.76	2,880.41	0.9852	1.0201	1.0120	0.9917	1.0001	0.9993	2,903.57
Care WI (GSR 6)	84	2,521.26	0.6751	1,702.14	103.76	1,805.90	0.9852	1.0201	1.0120	1.0134	1.0001	0.9993	1,860.11
Care WI (GSR 12)	8,966	2,521.26	0.9855	2,484.78	103.76	2,588.54	0.9852	1.0201	1.0120	1.0474	1.0001	0.9993	2,755.90
iCare (GSR 3)	0	2,521.26	1.2089	3,047.92	103.76	3,151.69	0.9852	1.0201	1.0120	0.9625	1.0001	0.9993	3,083.35
iCare (GSR 8)	2,814	2,521.26	0.7429	1,873.04	103.76	1,976.80	0.9852	1.0201	1.0120	1.0134	1.0001	0.9993	2,036.14
iCare (GSR 11)	237	2,521.26	1.0415	2,625.87	103.76	2,729.64	0.9852	1.0201	1.0120	1.0238	1.0001	0.9993	2,840.59
iCare (GSR 12)	1,144	2,521.26	0.8834	2,227.19	103.76	2,330.95	0.9852	1.0201	1.0120	1.0474	1.0001	0.9993	2,481.66
CCHP - PACE	5,697	2,521.26	1.0358	2,611.44	103.76	2,715.20	0.9852	1.0201	1.0120	1.0134	1.0001	0.9993	2,796.70
CCHP (GSR 6)	794	2,521.26	0.9969	2,513.40	103.76	2,617.17	0.9852	1.0201	1.0120	1.0134	1.0001	0.9993	2,695.73
CCHP (GSR 8)	471	2,521.26	1.0738	2,707.39	103.76	2,811.16	0.9852	1.0201	1.0120	1.0134	1.0001	0.9993	2,895.54
CCHP (GSR 10)	653	2,521.26	1.0085	2,542.70	103.76	2,646.46	0.9852	1.0201	1.0120	0.9971	1.0001	0.9993	2,682.15
CCHP (GSR 11)	813	2,521.26	0.9693	2,443.78	103.76	2,547.54	0.9852	1.0201	1.0120	1.0238	1.0001	0.9993	2,651.09
Total FE Cohort	**23,333**	**$2,521.26**	**0.9755**	**$2,459.56**	**$103.76**	**$2,563.32**	**0.9852**	**1.0201**	**1.0120**	**1.0256**	**1.0001**	**0.9993**	**$2,672.27**

Composite Development	(A)	(B)	(C) = (A) × (B)	(D)	(E) = (C) + (D)	(F1)	(F2)	(F3)	(F4)	(F5)	(F6)	(G) = (E) x (F)
	MCO/GSR Specific Base Rate Development					Projection to CY 2019						
		2019 FC Regression Results				2019 Composite Adjustment Factors						
	2019 Exposure Months	FC Statewide Composite Base Costs	FCP Risk Score - June 2018 Enrollment	MCO/GSR Specific Risk Adjusted Rate	Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	Two-Year Utilization Trend	Two-Year Unit Cost Trend	One-Year Acuity Trend	Wage Index	Personal Care Rate Increase	DME Adjustment	Projected Per Capita Monthly Costs
Care WI (GSR 3)	891	$2,830.72	1.1217	$3,175.09	$103.76	$3,278.85	0.9957	1.0106	1.0123	0.9625	1.0001	0.9992	$3,212.50
Care WI (GSR 5)	2,765	2,857.51	1.1080	3,166.23	103.76	3,269.99	0.9970	1.0082	1.0134	0.9917	1.0001	0.9993	3,301.51
Care WI (GSR 6)	216	2,846.77	0.7258	2,066.15	103.76	2,169.91	0.9971	1.0065	1.0149	1.0134	1.0001	0.9993	2,238.37
Care WI (GSR 12)	18,110	2,652.74	0.9468	2,511.64	103.76	2,615.40	0.9977	1.0119	1.0095	1.0474	1.0002	0.9991	2,790.01
iCare (GSR 3)	0	2,830.72	1.1217	3,175.09	103.76	3,278.85	0.9957	1.0106	1.0123	0.9625	1.0001	0.9992	3,212.50
iCare (GSR 8)	8,967	2,694.72	0.8187	2,206.10	103.76	2,309.86	1.0026	1.0082	1.0091	1.0134	1.0002	0.9991	2,385.66
iCare (GSR 11)	654	2,769.68	0.9263	2,565.66	103.76	2,669.43	0.9988	1.0089	1.0113	1.0238	1.0001	0.9992	2,783.51
iCare (GSR 12)	2,788	2,571.48	0.9094	2,338.43	103.76	2,442.19	1.0023	1.0118	1.0061	1.0474	1.0002	0.9989	2,607.61
CCHP - PACE	7,094	2,614.58	1.0404	2,720.29	103.76	2,824.05	0.9901	1.0160	1.0118	1.0134	1.0001	0.9993	2,910.91
CCHP (GSR 6)	1,693	2,753.41	0.9891	2,723.32	103.76	2,827.08	0.9977	1.0103	1.0110	1.0134	1.0001	0.9992	2,917.40
CCHP (GSR 8)	3,018	3,036.18	1.3111	3,980.69	103.76	4,084.45	1.0022	1.0030	1.0141	1.0134	1.0001	0.9993	4,216.66
CCHP (GSR 10)	1,375	2,827.71	0.9682	2,737.87	103.76	2,841.63	0.9956	1.0092	1.0137	0.9971	1.0001	0.9993	2,883.89
CCHP (GSR 11)	1,938	2,856.11	0.9053	2,585.66	103.76	2,689.42	0.9968	1.0085	1.0133	1.0238	1.0001	0.9993	2,803.11
Grand Total	**49,509**	**$2,706.96**	**0.9714**	**$2,629.68**	**$103.76**	**$2,733.44**	**0.9978**	**1.0105**	**1.0107**	**1.0245**	**1.0001**	**0.9992**	**$2,851.95**

Exhibit G2
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Development of Service Portion of LTC Rate

	(A)	(B)	(C) = (A) + (B)	(D)	(E) = (C) × (D)
	Application of HCRP				
DD Development	Projected Per Capita Monthly Costs	HCRP Pooled Claims	Projected Per Capita Monthly LTC Costs w/ HCRP	Market Variability Adjustment	2019 LTC Service Costs
Care WI (GSR 3)	$3,483.53	$55.71	$3,539.24	0.9791	$3,465.42
Care WI (GSR 5)	4,318.08	55.71	4,373.79	0.9791	4,282.57
Care WI (GSR 6)	3,601.85	55.71	3,657.56	0.9791	3,581.27
Care WI (GSR 12)	3,463.42	55.71	3,519.13	0.9791	3,445.73
iCare (GSR 3)	3,483.53	55.71	3,539.24	1.0520	3,723.28
iCare (GSR 8)	3,449.24	55.71	3,504.95	1.0520	3,687.21
iCare (GSR 11)	3,602.18	55.71	3,657.89	1.0520	3,848.10
iCare (GSR 12)	2,865.85	55.71	2,921.56	1.0520	3,073.48
CCHP - PACE	3,912.49	55.71	3,968.20	1.0000	3,968.20
CCHP (GSR 6)	3,582.94	55.71	3,638.65	1.0520	3,827.86
CCHP (GSR 8)	5,273.16	55.71	5,328.87	1.0520	5,605.97
CCHP (GSR 10)	3,877.84	55.71	3,933.55	1.0520	4,138.09
CCHP (GSR 11)	3,554.66	55.71	3,610.37	1.0520	3,798.11
Total DD Cohort	**$3,834.44**	**$55.71**	**$3,890.15**	**1.0201**	**$3,968.50**

	(A)	(B)	(C) = (A) + (B)	(D)	(E) = (C) × (D)
	Application of HCRP				
PD Development	Projected Per Capita Monthly Costs	HCRP Pooled Claims	Projected Per Capita Monthly LTC Costs w/ HCRP	Market Variability Adjustment	2019 LTC Service Costs
Care WI (GSR 3)	$3,109.62	$36.44	$3,146.06	0.9791	$3,080.44
Care WI (GSR 5)	2,518.35	36.44	2,554.79	0.9791	2,501.51
Care WI (GSR 6)	1,062.70	36.44	1,099.14	0.9791	1,076.22
Care WI (GSR 12)	2,480.70	36.44	2,517.14	0.9791	2,464.64
iCare (GSR 3)	3,109.62	36.44	3,146.06	1.0520	3,309.66
iCare (GSR 8)	2,073.79	36.44	2,110.23	1.0520	2,219.96
iCare (GSR 11)	2,062.26	36.44	2,098.70	1.0520	2,207.83
iCare (GSR 12)	2,648.67	36.44	2,685.11	1.0520	2,824.74
CCHP - PACE	2,813.88	36.44	2,850.32	1.0000	2,850.32
CCHP (GSR 6)	2,672.18	36.44	2,708.62	1.0520	2,849.47
CCHP (GSR 8)	3,154.51	36.44	3,190.95	1.0520	3,356.88
CCHP (GSR 10)	1,868.20	36.44	1,904.64	1.0520	2,003.68
CCHP (GSR 11)	1,984.71	36.44	2,021.15	1.0520	2,126.25
Total PD Cohort	**$2,420.60**	**$36.44**	**$2,457.04**	**1.0159**	**$2,496.21**

	(A)	(B)	(C) = (A) + (B)	(D)	(E) = (C) × (D)
	Application of HCRP				
FE Development	Projected Per Capita Monthly Costs	HCRP Pooled Claims	Projected Per Capita Monthly LTC Costs w/ HCRP	Market Variability Adjustment	2019 LTC Service Costs
Care WI (GSR 3)	$3,083.35	$0.42	$3,083.77	0.9791	$3,019.45
Care WI (GSR 5)	2,903.57	0.42	2,903.99	0.9791	2,843.42
Care WI (GSR 6)	1,860.11	0.42	1,860.53	0.9791	1,821.73
Care WI (GSR 12)	2,755.90	0.42	2,756.32	0.9791	2,698.83
iCare (GSR 3)	3,083.35	0.42	3,083.77	1.0520	3,244.13
iCare (GSR 8)	2,036.14	0.42	2,036.56	1.0520	2,142.46
iCare (GSR 11)	2,840.59	0.42	2,841.01	1.0520	2,988.74
iCare (GSR 12)	2,481.66	0.42	2,482.08	1.0520	2,611.15
CCHP - PACE	2,796.70	0.42	2,797.12	1.0000	2,797.12
CCHP (GSR 6)	2,695.73	0.42	2,696.15	1.0520	2,836.35
CCHP (GSR 8)	2,895.54	0.42	2,895.96	1.0520	3,046.55
CCHP (GSR 10)	2,682.15	0.42	2,682.57	1.0520	2,822.06
CCHP (GSR 11)	2,651.09	0.42	2,651.51	1.0520	2,789.39
Total FE Cohort	**$2,672.27**	**$0.42**	**$2,672.69**	**1.0039**	**$2,683.20**

	(A)	(B)	(C) = (A) + (B)	(D)	(E) = (C) × (D)
	Application of HCRP				
Composite Development	Projected Per Capita Monthly Costs	HCRP Pooled Claims	Projected Per Capita Monthly LTC Costs w/ HCRP	Market Variability Adjustment	2019 LTC Service Costs
Care WI (GSR 3)	$3,212.50	$24.19	$3,236.69	0.9791	$3,169.18
Care WI (GSR 5)	3,301.51	27.29	3,328.80	0.9791	3,259.37
Care WI (GSR 6)	2,238.37	28.92	2,267.29	0.9791	2,220.00
Care WI (GSR 12)	2,790.01	22.00	2,812.01	0.9791	2,753.36
iCare (GSR 3)	3,212.50	24.19	3,236.69	1.0520	3,405.00
iCare (GSR 8)	2,385.66	29.67	2,415.33	1.0520	2,540.93
iCare (GSR 11)	2,783.51	28.92	2,812.43	1.0520	2,958.68
iCare (GSR 12)	2,607.61	24.10	2,631.71	1.0520	2,768.56
CCHP - PACE	2,910.91	9.45	2,920.36	1.0000	2,920.36
CCHP (GSR 6)	2,917.40	24.50	2,941.90	1.0520	3,094.88
CCHP (GSR 8)	4,216.66	40.84	4,257.50	1.0520	4,478.89
CCHP (GSR 10)	2,883.89	25.38	2,909.27	1.0520	3,060.55
CCHP (GSR 11)	2,803.11	27.93	2,831.04	1.0520	2,978.25
Grand Total	**$2,851.95**	**$23.73**	**$2,875.68**	**1.0119**	**$2,910.01**

Milliman

EXHIBITS H – I

Capitation Rate Development – Capitation Rates

State of Wisconsin Department of Health Services
CY 2019 Capitation Rate Development for Family Care Partnership / PACE Program

December 6, 2018

This report assumes that the reader is familiar with the State of Wisconsin's Medicaid program, its benefits, and rate setting principles. The report was prepared solely to provide assistance to DHS to set CY 2019 capitation rates for the Family Care Partnership / PACE program. It may not be appropriate for other purposes. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. This material should only be reviewed in its entirety.

Exhibit H
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Development of Non-Service Portion of Rates, MCE, and Final Capitation Rates

		(A)	(B)	(C)	(D) = (B) - (C)	(E)	(F) = (A) + (E)	(G) = (B) + (E)	(H) = (D) + (E)	(I)	(J) = (I) / (M)	(K) = (L) / (N)	(L)	(M) = (F) + (I)	(N) = (G) + (I) + (L)	(O) = (H) + (I) + (L)	(P) = (N) x 0.005	(Q) = (O) - (P)
DD Development	2019 Exposure Months	LTC MCE Service Costs	2019 Gross LTC Service Costs	2019 HCRP Pooled Claims	2019 Net LTC Service Costs[1]	2019 A&P Service Costs	MCE Service Costs	2019 Gross Service Costs	2019 Net Service Costs	Administrative Allowance	Implied Administrative Percentage	Targeted Margin	Targeted Margin PMPM	MCE Rates	2019 Capitation Rate	2019 Capitation Rate Less HCRP	P4P Withhold	2019 Capitation Rate Less HCRP and P4P Withhold[2]
Care WI (GSR 3)	277	$3,539.24	$3,465.42	$55.71	$3,409.71	$510.36	$4,049.60	$3,975.78	$3,920.07	$183.83	4.3%	1.5%	$63.34	$4,233.43	$4,222.95	$4,167.24	$21.11	$4,146.13
Care WI (GSR 5)	945	4,373.79	4,282.57	55.71	4,226.86	411.47	4,785.26	4,694.04	4,638.33	183.83	3.7%	1.5%	74.28	4,969.09	4,952.15	4,896.44	24.76	4,871.68
Care WI (GSR 6)	73	3,657.56	3,581.27	55.71	3,525.56	527.02	4,184.58	4,108.29	4,052.58	183.83	4.2%	1.5%	65.36	4,368.41	4,357.48	4,301.77	21.79	4,279.98
Care WI (GSR 12)	3,189	3,519.13	3,445.73	55.71	3,390.02	552.08	4,071.21	3,997.81	3,942.10	183.83	4.3%	1.5%	63.68	4,255.04	4,245.32	4,189.61	21.23	4,168.38
iCare (GSR 3)	0	3,539.24	3,723.28	55.71	3,667.57	510.36	4,049.60	4,233.64	4,177.93	183.83	4.3%	1.5%	67.27	4,233.43	4,484.74	4,429.03	22.42	4,406.61
iCare (GSR 8)	2,110	3,504.95	3,687.21	55.71	3,631.50	862.32	4,367.27	4,549.53	4,493.82	183.83	4.0%	1.5%	72.08	4,551.10	4,805.44	4,749.73	24.03	4,725.70
iCare (GSR 11)	187	3,657.89	3,848.10	55.71	3,792.39	607.50	4,265.39	4,455.60	4,399.89	183.83	4.1%	1.5%	70.65	4,449.22	4,710.08	4,654.37	23.55	4,630.82
iCare (GSR 12)	353	2,921.56	3,073.48	55.71	3,017.77	713.92	3,635.48	3,787.40	3,731.69	183.83	4.8%	1.5%	60.48	3,819.31	4,031.71	3,976.00	20.16	3,955.84
CCHP - PACE	716	3,968.20	3,968.20	0.00	3,968.20	271.20	4,239.40	4,239.40	4,239.40	183.83	4.2%	1.5%	67.36	4,423.23	4,490.59	4,490.59	0.00	4,490.59
CCHP (GSR 6)	435	3,638.65	3,827.86	55.71	3,772.15	547.83	4,186.48	4,375.69	4,319.98	183.83	4.2%	1.5%	69.43	4,370.31	4,628.95	4,573.24	23.14	4,550.10
CCHP (GSR 8)	1,571	5,328.87	5,605.97	55.71	5,550.26	964.20	6,293.07	6,570.17	6,514.46	183.83	2.8%	1.5%	102.85	6,476.90	6,856.85	6,801.14	34.28	6,766.86
CCHP (GSR 10)	431	3,933.55	4,138.09	55.71	4,082.38	425.85	4,359.40	4,563.94	4,508.23	183.83	4.0%	1.5%	72.30	4,543.23	4,820.07	4,764.36	24.10	4,740.26
CCHP (GSR 11)	665	3,610.37	3,798.11	55.71	3,742.40	567.37	4,177.74	4,365.48	4,309.77	183.83	4.2%	1.5%	69.28	4,361.57	4,618.59	4,562.88	23.09	4,539.79
Total DD Cohort	**10,951**	**$3,890.15**	**$3,968.50**	**$52.07**	**$3,916.43**	**$641.21**	**$4,531.36**	**$4,609.71**	**$4,557.64**	**$183.83**	**3.9%**	**1.5%**	**$73.00**	**$4,715.19**	**$4,866.54**	**$4,814.47**	**$22.87**	**$4,791.60**

PD Development	2019 Exposure Months	LTC MCE Service Costs	2019 Gross LTC Service Costs	2019 HCRP Pooled Claims	2019 Net LTC Service Costs[1]	2019 A&P Service Costs	MCE Service Costs	2019 Gross Service Costs	2019 Net Service Costs	Administrative Allowance	Implied Administrative Percentage	Targeted Margin	Targeted Margin PMPM	MCE Rates	2019 Capitation Rate	2019 Capitation Rate Less HCRP	P4P Withhold	2019 Capitation Rate Less HCRP and P4P Withhold[2]
Care WI (GSR 3)	163	$3,146.06	$3,080.44	$36.44	$3,044.00	$510.36	$3,656.42	$3,590.80	$3,554.36	$183.83	4.8%	1.5%	$57.48	$3,840.25	$3,832.11	$3,795.67	$19.16	$3,776.51
Care WI (GSR 5)	613	2,554.79	2,501.51	36.44	2,465.07	411.47	2,966.26	2,912.98	2,876.54	183.83	5.8%	1.5%	47.16	3,150.09	3,143.97	3,107.53	15.72	3,091.81
Care WI (GSR 6)	58	1,099.14	1,076.22	36.44	1,039.78	527.02	1,626.16	1,603.24	1,566.80	183.83	10.2%	1.5%	27.21	1,809.99	1,814.28	1,777.84	9.07	1,768.77
Care WI (GSR 12)	5,954	2,517.14	2,464.64	36.44	2,428.20	552.08	3,069.22	3,016.72	2,980.28	183.83	5.7%	1.5%	48.74	3,253.05	3,249.29	3,212.85	16.25	3,196.60
iCare (GSR 3)	0	3,146.06	3,309.66	36.44	3,273.22	510.36	3,656.42	3,820.02	3,783.58	183.83	4.8%	1.5%	60.97	3,840.25	4,064.82	4,028.38	20.32	4,008.06
iCare (GSR 8)	4,043	2,110.23	2,219.96	36.44	2,183.52	862.32	2,972.55	3,082.28	3,045.84	183.83	5.8%	1.5%	49.74	3,156.38	3,315.85	3,279.41	16.58	3,262.83
iCare (GSR 11)	231	2,098.70	2,207.83	36.44	2,171.39	607.50	2,706.20	2,815.33	2,778.89	183.83	6.4%	1.5%	45.67	2,890.03	3,044.83	3,008.39	15.22	2,993.17
iCare (GSR 12)	1,291	2,685.11	2,824.74	36.44	2,788.30	713.92	3,399.03	3,538.66	3,502.22	183.83	5.1%	1.5%	56.69	3,582.86	3,779.18	3,742.74	18.90	3,723.84
CCHP - PACE	681	2,850.32	2,850.32	0.00	2,850.32	271.20	3,121.52	3,121.52	3,121.52	183.83	5.6%	1.5%	50.34	3,305.35	3,355.69	3,355.69	0.00	3,355.69
CCHP (GSR 6)	464	2,708.62	2,849.47	36.44	2,813.03	547.83	3,256.45	3,397.30	3,360.86	183.83	5.3%	1.5%	54.53	3,440.28	3,635.66	3,599.22	18.18	3,581.04
CCHP (GSR 8)	976	3,190.95	3,356.88	36.44	3,320.44	964.20	4,155.15	4,321.08	4,284.64	183.83	4.2%	1.5%	68.60	4,338.98	4,573.51	4,537.07	22.87	4,514.20
CCHP (GSR 10)	292	1,904.64	2,003.68	36.44	1,967.24	425.85	2,330.49	2,429.53	2,393.09	183.83	7.3%	1.5%	39.80	2,514.32	2,653.16	2,616.72	13.27	2,603.45
CCHP (GSR 11)	460	2,021.15	2,126.25	36.44	2,089.81	567.37	2,588.52	2,693.62	2,657.18	183.83	6.6%	1.5%	43.82	2,772.35	2,921.27	2,884.83	14.61	2,870.22
Total PD Cohort	**15,225**	**$2,457.04**	**$2,496.21**	**$34.81**	**$2,461.40**	**$654.60**	**$3,111.64**	**$3,150.81**	**$3,116.00**	**$183.83**	**5.6%**	**1.5%**	**$50.78**	**$3,295.47**	**$3,385.42**	**$3,350.61**	**$16.18**	**$3,334.43**

FE Development	2019 Exposure Months	Projected LTC MCE Service Costs	2019 Gross LTC Service Costs	2019 HCRP Pooled Claims	2019 Net LTC Service Costs[1]	2019 A&P Service Costs	MCE Service Costs	2019 Gross Service Costs	2019 Net Service Costs	Administrative Allowance	Implied Administrative Percentage	Targeted Margin	Targeted Margin PMPM	MCE Rates	2019 Capitation Rate	2019 Capitation Rate Less HCRP	P4P Withhold	2019 Capitation Rate Less HCRP and P4P Withhold[2]
Care WI (GSR 3)	451	$3,083.77	$3,019.45	$0.42	$3,019.03	$510.36	$3,594.13	$3,529.81	$3,529.39	$183.83	4.9%	1.5%	$56.55	$3,777.96	$3,770.19	$3,769.77	$18.85	$3,750.92
Care WI (GSR 5)	1,208	2,903.99	2,843.42	0.42	2,843.00	411.47	3,315.46	3,254.89	3,254.47	183.83	5.3%	1.5%	52.37	3,499.29	3,491.09	3,490.67	17.46	3,473.21
Care WI (GSR 6)	84	1,860.53	1,821.73	0.42	1,821.31	527.02	2,387.55	2,348.75	2,348.33	183.83	7.1%	1.5%	38.57	2,571.38	2,571.15	2,570.73	12.86	2,557.87
Care WI (GSR 12)	8,966	2,756.32	2,698.83	0.42	2,698.41	552.08	3,308.40	3,250.91	3,250.49	183.83	5.3%	1.5%	52.31	3,492.23	3,487.05	3,486.63	17.44	3,469.19
iCare (GSR 3)	0	3,083.77	3,244.13	0.42	3,243.71	510.36	3,594.13	3,754.49	3,754.07	183.83	4.9%	1.5%	59.97	3,777.96	3,998.29	3,997.87	19.99	3,977.88
iCare (GSR 8)	2,814	2,036.56	2,142.46	0.42	2,142.04	862.32	2,898.88	3,004.78	3,004.36	183.83	6.0%	1.5%	48.56	3,082.71	3,237.17	3,236.75	16.19	3,220.56
iCare (GSR 11)	237	2,841.01	2,988.74	0.42	2,988.32	607.50	3,448.51	3,596.24	3,595.82	183.83	5.1%	1.5%	57.56	3,632.34	3,837.63	3,837.21	19.19	3,818.02
iCare (GSR 12)	1,144	2,482.08	2,611.15	0.42	2,610.73	713.92	3,196.00	3,325.07	3,324.65	183.83	5.4%	1.5%	53.44	3,379.83	3,562.34	3,561.92	17.81	3,544.11
CCHP - PACE	5,697	2,797.12	2,797.12	0.00	2,797.12	271.20	3,068.32	3,068.32	3,068.32	183.83	5.7%	1.5%	49.53	3,252.15	3,301.68	3,301.68	0.00	3,301.68
CCHP (GSR 6)	794	2,696.15	2,836.35	0.42	2,835.93	547.83	3,243.98	3,384.18	3,383.76	183.83	5.4%	1.5%	54.34	3,427.81	3,622.35	3,621.93	18.11	3,603.82
CCHP (GSR 8)	471	2,895.96	3,046.55	0.42	3,046.13	964.20	3,860.16	4,010.75	4,010.33	183.83	4.5%	1.5%	63.88	4,043.99	4,258.46	4,258.04	21.29	4,236.75
CCHP (GSR 10)	653	2,682.57	2,822.06	0.42	2,821.64	425.85	3,108.42	3,247.91	3,247.49	183.83	5.6%	1.5%	52.26	3,292.25	3,484.00	3,483.58	17.42	3,466.16
CCHP (GSR 11)	813	2,651.51	2,789.39	0.42	2,788.97	567.37	3,218.88	3,356.76	3,356.34	183.83	5.4%	1.5%	53.92	3,402.71	3,594.51	3,594.09	17.97	3,576.12
Total FE Cohort	**23,333**	**$2,672.69**	**$2,683.20**	**$0.32**	**$2,682.88**	**$526.42**	**$3,199.11**	**$3,209.62**	**$3,209.30**	**$183.83**	**5.4%**	**1.5%**	**$51.68**	**$3,382.94**	**$3,445.13**	**$3,444.81**	**$13.20**	**$3,431.61**

Composite Development	2019 Exposure Months	Projected LTC MCE Service Costs	2019 Gross LTC Service Costs	2019 HCRP Pooled Claims	2019 Net LTC Service Costs[1]	2019 A&P Service Costs	MCE Service Costs	2019 Gross Service Costs	2019 Net Service Costs	Administrative Allowance	Implied Administrative Percentage	Targeted Margin	Targeted Margin PMPM	MCE Rates	2019 Capitation Rate	2019 Capitation Rate Less HCRP	P4P Withhold	2019 Capitation Rate Less HCRP and P4P Withhold[2]
Care WI (GSR 3)	891	$3,236.69	$3,169.18	$24.19	$3,144.99	$510.36	$3,747.05	$3,679.54	$3,655.35	$183.83	4.7%	1.5%	$58.83	$3,930.88	$3,922.20	$3,898.01	$19.61	$3,878.40
Care WI (GSR 5)	2,765	3,328.80	3,259.37	27.29	3,232.08	411.47	3,740.27	3,670.84	3,643.55	183.83	4.7%	1.5%	58.70	3,924.10	3,913.37	3,886.08	19.57	3,866.51
Care WI (GSR 6)	216	2,267.29	2,220.00	28.92	2,191.08	527.02	2,794.31	2,747.02	2,718.10	183.83	6.2%	1.5%	44.63	2,978.14	2,975.48	2,946.56	14.88	2,931.68
Care WI (GSR 12)	18,110	2,812.01	2,753.36	22.00	2,731.36	552.08	3,364.09	3,305.44	3,283.44	183.83	5.2%	1.5%	53.14	3,547.92	3,542.41	3,520.41	17.71	3,502.70
iCare (GSR 3)	0	3,236.69	3,405.00	24.19	3,380.81	510.36	3,747.05	3,915.36	3,891.17	183.83	4.7%	1.5%	62.42	3,930.88	4,161.61	4,137.42	20.81	4,116.61
iCare (GSR 8)	8,967	2,415.33	2,540.93	29.67	2,511.26	862.32	3,277.65	3,403.25	3,373.58	183.83	5.3%	1.5%	54.63	3,461.48	3,641.71	3,612.04	18.21	3,593.83
iCare (GSR 11)	654	2,812.43	2,958.68	28.92	2,929.76	607.50	3,419.93	3,566.18	3,537.26	183.83	5.1%	1.5%	57.11	3,603.76	3,807.12	3,778.20	19.04	3,759.16
iCare (GSR 12)	2,788	2,631.71	2,768.56	24.10	2,744.46	713.92	3,345.63	3,482.48	3,458.38	183.83	5.2%	1.5%	55.83	3,529.46	3,722.14	3,698.04	18.61	3,679.43
CCHP - PACE	7,094	2,920.36	2,920.36	0.00	2,920.36	271.20	3,191.56	3,191.56	3,191.56	183.83	5.4%	1.5%	51.40	3,375.39	3,426.79	3,426.79	0.00	3,426.79
CCHP (GSR 6)	1,693	2,941.90	3,094.88	24.50	3,070.38	547.83	3,489.73	3,642.71	3,618.21	183.83	5.0%	1.5%	58.27	3,673.56	3,884.81	3,860.31	19.42	3,840.89
CCHP (GSR 8)	3,018	4,257.50	4,478.89	40.84	4,438.05	964.20	5,221.70	5,443.09	5,402.25	183.83	3.4%	1.5%	85.69	5,405.53	5,712.61	5,671.77	28.56	5,643.21
CCHP (GSR 10)	1,375	2,909.27	3,060.55	25.38	3,035.17	425.85	3,335.12	3,486.40	3,461.02	183.83	5.2%	1.5%	55.89	3,518.95	3,726.12	3,700.74	18.63	3,682.11
CCHP (GSR 11)	1,938	2,831.04	2,978.25	27.93	2,950.32	567.37	3,398.41	3,545.62	3,517.69	183.83	5.1%	1.5%	56.79	3,582.24	3,786.24	3,758.31	18.93	3,739.38
Grand Total	**49,509**	**$2,875.68**	**$2,910.01**	**$22.37**	**$2,887.64**	**$591.23**	**$3,466.91**	**$3,501.24**	**$3,478.87**	**$183.83**	**5.0%**	**1.5%**	**$56.12**	**$3,650.74**	**$3,741.19**	**$3,718.82**	**$16.25**	**$3,702.57**

[1]PACE MCOs will not participate in the high cost risk pool. Amounts above the HCRP Threshold are not excluded from this column for these populations.
[2]PACE MCOs will not participate in the Pay for Performance program and therefore are not subject to P4P withholds.

Exhibit I
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Monthly Rates Net of HCRP Paid to MCOs

	2019 Exposure Months				(A)	(B)	(C)	(D)	(E) = (A) + (B) + (C) + (D)	(F)	(G) = (E) - (F)
					Developmentally Disabled						
MCO / GSR	DD	PD	FE	Total	2019 Net LTC Service Costs	2019 Acute and Primary Service Costs	Administrative Allowance	Targeted Margin PMPM	2019 Net Capitation Rate	P4P Withhold	2019 Net Capitation Rate Less P4P Withhold[1]
Care WI (GSR 3)	277	163	451	891	$3,409.71	$510.36	$183.83	$63.34	$4,167.24	$21.11	$4,146.13
Care WI (GSR 5)	945	613	1,208	2,765	4,226.86	411.47	183.83	74.28	4,896.44	24.76	4,871.68
Care WI (GSR 6)	73	58	84	216	3,525.56	527.02	183.83	65.36	4,301.77	21.79	4,279.98
Care WI (GSR 12)	3,189	5,954	8,966	18,110	3,390.02	552.08	183.83	63.68	4,189.61	21.23	4,168.38
iCare (GSR 3)	0	0	0	0	3,667.57	510.36	183.83	67.27	4,429.03	22.42	4,406.61
iCare (GSR 8)	2,110	4,043	2,814	8,967	3,631.50	862.32	183.83	72.08	4,749.73	24.03	4,725.70
iCare (GSR 11)	187	231	237	654	3,792.39	607.50	183.83	70.65	4,654.37	23.55	4,630.82
iCare (GSR 12)	353	1,291	1,144	2,788	3,017.77	713.92	183.83	60.48	3,976.00	20.16	3,955.84
CCHP - PACE	716	681	5,697	7,094	3,968.20	271.20	183.83	67.36	4,490.59	0.00	4,490.59
CCHP (GSR 6)	435	464	794	1,693	3,772.15	547.83	183.83	69.43	4,573.24	23.14	4,550.10
CCHP (GSR 8)	1,571	976	471	3,018	5,550.26	964.20	183.83	102.85	6,801.14	34.28	6,766.86
CCHP (GSR 10)	431	292	653	1,375	4,082.38	425.85	183.83	72.30	4,764.36	24.10	4,740.26
CCHP (GSR 11)	665	460	813	1,938	3,742.40	567.37	183.83	69.28	4,562.88	23.09	4,539.79

	(A)	(B)	(C)	(D)	(E) = (A) + (B) + (C) + (D)	(F)	(G) = (E) - (F)
	Physically Disabled						
MCO / GSR	2019 Net LTC Service Costs	2019 Acute and Primary Service Costs	Administrative Allowance	Targeted Margin PMPM	2019 Net Capitation Rate	P4P Withhold	2019 Net Capitation Rate Less P4P Withhold[1]
Care WI (GSR 3)	$3,044.00	$510.36	$183.83	$57.48	$3,795.67	$19.16	$3,776.51
Care WI (GSR 5)	2,465.07	411.47	183.83	47.16	3,107.53	15.72	3,091.81
Care WI (GSR 6)	1,039.78	527.02	183.83	27.21	1,777.84	9.07	1,768.77
Care WI (GSR 12)	2,428.20	552.08	183.83	48.74	3,212.85	16.25	3,196.60
iCare (GSR 3)	3,273.22	510.36	183.83	60.97	4,028.38	20.32	4,008.06
iCare (GSR 8)	2,183.52	862.32	183.83	49.74	3,279.41	16.58	3,262.83
iCare (GSR 11)	2,171.39	607.50	183.83	45.67	3,008.39	15.22	2,993.17
iCare (GSR 12)	2,788.30	713.92	183.83	56.69	3,742.74	18.90	3,723.84
CCHP - PACE	2,850.32	271.20	183.83	50.34	3,355.69	0.00	3,355.69
CCHP (GSR 6)	2,813.03	547.83	183.83	54.53	3,599.22	18.18	3,581.04
CCHP (GSR 8)	3,320.44	964.20	183.83	68.60	4,537.07	22.87	4,514.20
CCHP (GSR 10)	1,967.24	425.85	183.83	39.80	2,616.72	13.27	2,603.45
CCHP (GSR 11)	2,089.81	567.37	183.83	43.82	2,884.83	14.61	2,870.22

	2019 Exposure Months				(A)	(B)	(C)	(D)	(E) = (A) + (B) + (C) + (D)	(F)	(G) = (E) - (F)
					Frail Elderly						
MCO / GSR	DD	PD	FE	Total	2019 Net LTC Service Costs	2019 Acute and Primary Service Costs	Administrative Allowance	Targeted Margin PMPM	2019 Net Capitation Rate	P4P Withhold	2019 Net Capitation Rate Less P4P Withhold[1]
Care WI (GSR 3)	277	163	451	891	$3,019.03	$510.36	$183.83	$56.55	$3,769.77	$18.85	$3,750.92
Care WI (GSR 5)	945	613	1,208	2,765	2,843.00	411.47	183.83	52.37	3,490.67	17.46	3,473.21
Care WI (GSR 6)	73	58	84	216	1,821.31	527.02	183.83	38.57	2,570.73	12.86	2,557.87
Care WI (GSR 12)	3,189	5,954	8,966	18,110	2,698.41	552.08	183.83	52.31	3,486.63	17.44	3,469.19
iCare (GSR 3)	0	0	0	0	3,243.71	510.36	183.83	59.97	3,997.87	19.99	3,977.88
iCare (GSR 8)	2,110	4,043	2,814	8,967	2,142.04	862.32	183.83	48.56	3,236.75	16.19	3,220.56
iCare (GSR 11)	187	231	237	654	2,988.32	607.50	183.83	57.56	3,837.21	19.19	3,818.02
iCare (GSR 12)	353	1,291	1,144	2,788	2,610.73	713.92	183.83	53.44	3,561.92	17.81	3,544.11
CCHP - PACE	716	681	5,697	7,094	2,797.12	271.20	183.83	49.53	3,301.68	0.00	3,301.68
CCHP (GSR 6)	435	464	794	1,693	2,835.93	547.83	183.83	54.34	3,621.93	18.11	3,603.82
CCHP (GSR 8)	1,571	976	471	3,018	3,046.13	964.20	183.83	63.88	4,258.04	21.29	4,236.75
CCHP (GSR 10)	431	292	653	1,375	2,821.64	425.85	183.83	52.26	3,483.58	17.42	3,466.16
CCHP (GSR 11)	665	460	813	1,938	2,788.97	567.37	183.83	53.92	3,594.09	17.97	3,576.12

	(A)	(B)	(C)	(D)	(E) = (A) + (B) + (C) + (D)	(F)	(G) = (E) - (F)
	Composite Population						
MCO / GSR	2019 Net LTC Service Costs	2019 Acute and Primary Service Costs	Administrative Allowance	Targeted Margin PMPM	2019 Net Capitation Rate	P4P Withhold	2019 Net Capitation Rate Less P4P Withhold[1]
Care WI (GSR 3)	$3,144.99	$510.36	$183.83	$58.83	$3,898.01	$19.61	$3,878.40
Care WI (GSR 5)	3,232.08	411.47	183.83	58.70	3,886.08	19.57	3,866.51
Care WI (GSR 6)	2,191.08	527.02	183.83	44.63	2,946.56	14.88	2,931.68
Care WI (GSR 12)	2,731.36	552.08	183.83	53.14	3,520.41	17.71	3,502.70
iCare (GSR 3)	3,380.81	510.36	183.83	62.42	4,137.42	20.81	4,116.61
iCare (GSR 8)	2,511.26	862.32	183.83	54.63	3,612.04	18.21	3,593.83
iCare (GSR 11)	2,929.76	607.50	183.83	57.11	3,778.20	19.04	3,759.16
iCare (GSR 12)	2,744.46	713.92	183.83	55.83	3,698.04	18.61	3,679.43
CCHP - PACE	2,920.36	271.20	183.83	51.40	3,426.79	0.00	3,426.79
CCHP (GSR 6)	3,070.38	547.83	183.83	58.27	3,860.31	19.42	3,840.89
CCHP (GSR 8)	4,438.05	964.20	183.83	85.69	5,671.77	28.56	5,643.21
CCHP (GSR 10)	3,035.17	425.85	183.83	55.89	3,700.74	18.63	3,682.11
CCHP (GSR 11)	2,950.32	567.37	183.83	56.79	3,758.31	18.93	3,739.38

[1]PACE MCOs will not participate in the Pay for Performance program and therefore are not subject to P4P withholds.

EXHIBIT J

Actuarial Certification

State of Wisconsin Department of Health Services
CY 2019 Capitation Rate Development for Family Care Partnership / PACE Program

December 6, 2018

This report assumes that the reader is familiar with the State of Wisconsin's Medicaid program, its benefits, and rate setting principles. The report was prepared solely to provide assistance to DHS to set CY 2019 capitation rates for the Family Care Partnership / PACE program. It may not be appropriate for other purposes. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. This material should only be reviewed in its entirety.

15800 Bluemound Road
Suite 100
Brookfield, WI 53005
USA
Tel +1 262 784 2250
Fax +1 262 923 3680

milliman.com

Michael C. Cook, FSA, MAAA
Principal and Consulting Actuary

michael.cook@milliman.com

December 6, 2018

Wisconsin Department of Health Services
Capitated Contracts Ratesetting
Actuarial Certification
CY 2019 Family Care Partnership Program Capitation Rates

I, Michael C. Cook, am associated with the firm of Milliman, Inc., am a member of the American Academy of Actuaries, and meet its Qualification Standards for Statements of Actuarial Opinion. I was retained by the Wisconsin Department of Health Services (DHS) to perform an actuarial certification of the Family Care Partnership program capitation rates for calendar year (CY) 2019 for filing with the Centers for Medicare and Medicaid Services (CMS). I reviewed the calculated capitation rates and am familiar with the relevant requirements of 42 CFR 438; the CMS "Attachment A, PAHP, PIHP and MCO Contracts Financial Review Documentation for At-risk Capitated Contracts Ratesetting;" the 2018-2019 Medicaid Managed Care Rate Development Guide and Actuarial Standard of Practice (ASOP) 49.

I examined the actuarial assumptions and actuarial methods used in setting the capitation rates for CY 2019. To the best of my information, knowledge and belief, the capitation rates offered by DHS are in compliance with the relevant requirements of 42 § CFR 438.3(c), 438.3(e), 438.4 (excluding paragraph (b)(9)), 438.5, 438.6, and 438.7.

In my opinion, the capitation rates are actuarially sound, as defined in ASOP 49, were 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.

In making my opinion, I relied upon the accuracy of the underlying claims and eligibility data records and other information. A copy of the reliance letter received from DHS is attached and constitutes part of this opinion. I did not audit the data and calculations, but did review them for reasonableness and consistency and did not find material defects. In other respects, my examination included such review of the underlying assumptions and methods used and such tests of the calculations as I considered necessary.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated from time-to-time by the Actuarial Standards Board, whose standards form the basis of this Statement of Opinion.

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 managed care organization's situation and experience.

This Opinion assumes the reader is familiar with the Wisconsin Medicaid program, Family Care Partnership programs, and actuarial rating techniques. The Opinion is intended for the State of Wisconsin and the 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.

Michael C. Cook
Member, American Academy of Actuaries

December 6, 2018

RELIANCE LETTER

Scott Walker
Governor

Linda Seemeyer
Secretary

DIVISION OF MEDICAID SERVICES

1 WEST WILSON STREET
PO BOX 309
MADISON WI 53701-0309

Telephone: 608-266-8922
Fax: 608-266-1096
TTY: 711

State of Wisconsin
Department of Health Services

December 3, 2018

Mr. Michael Cook, FSA, MAAA
Principal and Consulting Actuary
Milliman, Inc.
15800 Bluemound Road, Suite 100
Brookfield, WI 53005

RE: Data Reliance for Actuarial Certification of CY 2019 Family Care, Family Care Partnership, and PACE Capitation Rates

Dear Michael:

I, Dave Varana, Director of the Bureau of Long Term Care Financing, hereby affirm that the listings and summaries prepared and submitted to Milliman, Inc. for the development of the CY 2019 Family Care, and Family Care Partnership, and PACE capitation rates were prepared under my direction, and to the best of my knowledge and belief are accurate and complete. These listings and summaries include:

1. Health Plan encounter data files containing claims information on capitated plan assignment, detailed service category, target group, geographic indicators, and demographic indicators for calendar years (CYs) 2016 and 2017 for the Family Care, Family Care Partnership, and PACE programs.
2. Fee-for-service, Waitlist, and Waiver data files containing claims information on detailed service category, geographic indicators, and demographic indicators for CYs 2016 and 2017 for the Family Care program.
3. Long Term Care Functional Screen (LTCFS) data extracts through June 2018 for the Family Care, Family Care Partnership, and PACE programs.
4. Data files containing enrollment information on capitated plan assignment, program and target group, geographic indicators, and demographic indicators for CYs 2016, 2017, and YTD 2018 for the Family Care, Family Care Partnership, and PACE programs.
5. Data file containing a list of members impacted by changes to the target group automation algorithm.
6. Data files containing claims, diagnosis, and enrollment information for the acute and primary portion of the Family Care Partnership, and PACE programs.
7. Data files containing estimated monthly enrollment for CY 2019 in total and by health plan, geographic indicator, and target group for the Family Care, Family Care Partnership, and PACE programs.
8. Data dictionary files for the encounter, enrollment, and LTCFS files for the Family Care, Family Care Partnership, and PACE programs.
9. CY 2017 financials for health plans participating in the Family Care, Family Care Partnership, and PACE programs.
10. An administrative cost model for CY 2019 non-service costs to be applied to the Family Care, Family Care Partnership, and PACE programs.
11. A data file containing lists of allowed and dis-allowed services under managed care for the Family Care, Family Care Partnership, and PACE programs.
12. Information and direction regarding the implementation of the High Cost Risk Pool for the Family Care, Family Care Partnership, and PACE programs.
13. Information and direction regarding the MCO business plans and market variability adjustment for the Family Care, Family Care Partnership, and PACE programs.

14. Information and direction regarding the goals of the PACE rate development.
15. Information and direction regarding the Pay for Performance and incentive payment mechanisms for the Family Care and Family Care Partnership programs.
16. Results of analyses performed by DHS regarding the fiscal impact of legislative and policy changes for the Family Care, Family Care Partnership, and PACE programs.
17. Any other items provided to Milliman to support the 2019 rate development not mentioned above for the Family Care, Family Care Partnership, and PACE programs.

I affirm that the above information and any other related data submitted to Milliman, Inc. are, to the best of my knowledge and belief, accurately stated.

Dave Varana

12.3.18

Date

Milliman

EXHIBITS K – L

CMS Rate Setting Checklist Issues

CMS Medicaid Managed Care Rate Development Guide

Exhibit K

Rate Setting Checklist

This section of the report lists each item in the November 10, 2014 CMS checklist and discusses how DHS addresses each issue and / or directs the reader to other parts of this report. CMS uses the rate setting checklist to review and approve a state's Medicaid capitation rates.

AA.1.0 – Overview of Rates Being Paid Under the Contract

The calendar year (CY) 2019 managed care organization (MCO) capitation rates are developed using 2016 and 2017 Wisconsin Medicaid long term care (LTC) MCO encounter data for the MCO eligible population, along with other information. DHS sets rates by MCO and Geographical Service Area (GSR).

Please refer to Sections II to V of this report for background on the program and more details around the rate development.

AA.1.1 – Actuarial Certification

The Actuarial Certification of the CY 2019 capitation rates is included as Exhibit J of this report. The CY 2019 Wisconsin LTC Medicaid care management 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.

AA.1.2 – Projection of Expenditures

Appendix B includes a projection of total expenditures and Federal-only expenditures based on actual Projected CY 2019 MCO enrollment and CY 2019 capitation rates. We used a 59.37% FMAP rate to calculate the Federal expenditures.

AA.1.3 – Risk Contracts

The Wisconsin Family Care Partnership / PACE programs meet the criteria of a risk contract.

AA.1.4 – Modifications

The CY 2019 rates documented in this report are the initial capitation rates for the CY 2019 Wisconsin Medicaid LTC managed care contracts.

Note: There is no AA.1.5 on the Rate Setting Checklist

AA.1.6 – Limit on Payment to Other Providers

It is our understanding no payment is made to a provider other than the participating MCOs for services available under the contract.

AA.1.7 – Risk and Profit

The CY 2019 Family Care Partnership capitation rates include a targeted margin of 1.5% for risk, profit, and contribution to reserves. We believe that this margin is appropriate given low service cost trends and the predictability of expenses under the program.

AA.1.8 – Family Planning Enhanced Match

DHS does not claim enhanced match for family planning services for the population covered under this program.

Exhibit K

Rate Setting Checklist

AA.1.9 – Indian Health Service (IHS) Facility Enhanced Match

DHS does not claim enhanced match for Indian Health Services for the population covered under this program.

AA.1.10 – Newly Eligible Enhanced Match

The Wisconsin Family Care Partnership program does not cover the newly eligible Medicaid population. Therefore, none of the recipients are eligible for the enhanced Federal match under Section 1905(y).

AA.1.11 – Retroactive Adjustments

The CY 2019 rates documented in this report are the initial capitation rates for the CY 2019 Wisconsin Medicaid LTC managed care contracts and do not contain any retroactive adjustments.

AA.2.0 – Based Only Upon Services Covered Under the State Plan

The CY 2019 rate methodology relies on CY 2016 and CY 2017 MCO encounter data for the Family Care and Family Care Partnership / PACE programs as the primary data sources. Only State Plan and waiver services that are covered under the Wisconsin Family Care Partnership contract have been included in the rate development.

AA.2.1 – Provided Under the Contract to Medicaid-Eligible Individuals

The CY 2019 capitation rate development methodology relies on data that includes only those eligible and currently enrolled in the Wisconsin Family Care and Family Care Partnership / PACE programs and does not include experience for individuals not eligible to enroll in these programs.

AA.2.2 – Data Sources

The CY 2019 capitation rates are developed using Wisconsin Medicaid MCO encounter, eligibility, and functional screen data for CY 2016 and CY 2017 for the MCO eligible population as the primary data source.

Please refer to Section III to IV of this report for more details.

AA.3.0 – Adjustments to Base Year Data

All adjustments to the base year data are discussed in Section III to IV of this report. In addition, each item in the checklist is addressed in items AA.3.1 – AA.3.17 below.

AA.3.1 – Benefit Differences

The base data used to calculate the capitation rates has been adjusted to only include services covered under the Medicaid care management program contract.

AA.3.2 – Administrative Cost Allowance Calculations

The MCO capitation rates include explicit administrative allowances by MCO. Please see Section V of the report for more details regarding the administrative cost calculation.

Exhibit K

Rate Setting Checklist

AA.3.3 – Special Populations' Adjustments

The CY 2019 capitation rates methodology does not include an adjustment for special populations as the base MCO encounter data used to calculate the capitation rates is consistent with the Wisconsin Family Care Partnership program population.

AA.3.4 – Eligibility Adjustments

The base MCO encounter data reflects experience for time periods where members were enrolled in a Family Care or Family Care Partnership / PACE MCO. Please see section IV of the report for more detail regarding eligibility adjustments.

AA.3.5 – Third Party Liability (TPL)

The managed care organizations are responsible for the collection of any TPL recoveries. The MCO encounter data is reported net of TPL recoveries, therefore no adjustment was necessary.

AA.3.6 – Indian Health Care Provider Payments

The MCOs are responsible for the entirety of the IHC payments, which are fully reflected in encounters.

AA.3.7 – DSH Payments

DSH payments are not included in the capitation rates.

AA.3.8 – FQHC and RHC Reimbursement

The MCOs are responsible for the entirety of the FQHC and RHC payments, which are fully reflected in encounters.

AA.3.9 – Graduate Medical Education (GME)

GME payments are included as part of the hospital reimbursement formula. Therefore, the base data used in the capitation rate calculation includes GME payments. Separate FFS payments are not made to hospitals for members covered under managed care.

AA.3.10 – Copayments, Coinsurance, and Deductibles in Capitated Rates

The Wisconsin Family Care Partnership program does not include member cost sharing, so no adjustment to base period experience for this issue is required.

AA.3.11 – Medical Cost / Trend Inflation

Trend rates from CY 2017 to CY 2019 were developed by rate category and type of service for Family Care Partnership eligible services and individuals using historical MCO encounter data from January 2015 to December 2017 and actuarial judgment.

The trend rates and inflation factors represent the expected change in per capita cost between CY 2017 and CY 2019, net of acuity changes.

Please see Section III-IV and Appendices C and D for more details on the trend development.

Exhibit K

Rate Setting Checklist

AA.3.12 – Utilization Adjustments

Utilization trend is included in AA.3.11.

AA.3.13 – Utilization and Cost Assumptions

The CY 2019 capitation rates use an actuarially sound risk adjustment model to adjust the rates for each participating MCO in a particular GSR in order to reflect the acuity of enrolled members. Acuity adjustments were applied independently from the unit cost and utilization trend adjustments.

AA.3.14 – Post-Eligibility Treatment of Income (PETI)

Capitation rates are developed gross of patient liability, and DHS adjusts capitation paid for each member to reflect that individual's specific patient liability. Encounter payment amounts are gross of patient liability, so no adjustment to the data is necessary for this issue.

AA.3.15 – Incomplete Data Adjustment

The capitation rates include an adjustment to reflect IBNR claims. Please refer to Section III and IV of this report for more information on the development of these adjustment factors.

AA.3.16 – Primary Care Rate Enhancement

Acute and primary care base data is comprised of claims paid after January 1, 2016 and would not reflect the impact of the primary care rate enhancement.

AA.3.17 – Health Homes

Not Applicable.

AA.4.0 – Establish Rate Category Groupings

Please refer to Sections III to IV of this report.

AA.4.1 – Eligibility Categories

Target populations for individuals meeting the nursing home level of care requirement are defined in Step 1 of Section III.

AA.4.2 – Age

Age is not used for rate category groupings outside of the Target Population assignment.

AA.4.3 – Gender

Gender is not used for rate category groupings.

AA.4.4 – Locality / Region

Geographic regions are defined in Appendix A.

Exhibit K

Rate Setting Checklist

AA.4.5 – Risk Adjustments

Acuity adjustment models are described in Step 4 of Section III and Step 1 of Section IV.

AA.5.0 – Data Smoothing

While we did not perform any explicit data smoothing, the High Cost Risk Pool (HCRP) was implemented in 2016 to help spread risk associated with very high cost members across MCOs. The HCRP is described in AA.6.0.

AA.5.1 – Cost-Neutral Data Smoothing Adjustment

We did not perform any data smoothing.

AA.5.2 – Data Distortion Assessment

Our review of the base MCO encounter data did not detect any material distortions or outliers.

AA.5.3 – Data Smoothing Techniques

We determined that a data smoothing mechanism resulting from data distortions was not required.

AA.5.4 – Risk Adjustments

The acute and primary care component of the CY 2019 capitation rate uses an actuarially sound risk adjustment model based on the Medicare Hierarchical Condition Category (HCC) to adjust the rates for each participating MCO. Please see section III of this report. The risk adjustment mechanism has been developed in accordance with generally accepted actuarial principles and practices.

The LTC component of the CY 2019 capitation rates uses an actuarially sound risk adjustment model based on a functional screen to adjust the rates for each participating MCO. Please see Section IV of this report. The risk adjustment mechanism has been developed in accordance with generally accepted actuarial principles and practices.

AA.6.0 – Stop Loss, Reinsurance, or Risk Sharing Arrangements

Effective January 1, 2016, DHS implemented a High Cost Risk Pool (HCRP) for the Developmentally Disabled, Physically Disabled, and, beginning January 1, 2017, the Frail Elderly populations. The HCRP is targeted to cover 80% of provider service costs above $225,000 for each individual and excludes Care Management expenses due to increased administrative burden to include them in this process.

A pooling charge specific to each target group will be assessed from each MCO and placed into a pool. At year end, a settlement will be performed to determine payout to MCOs for each target group separately. Each MCO will receive the portion of each target group's pool equivalent to their percentage of total pooled costs statewide. MCOs may effectively have more or less than 80% of an individual's CY 2019 costs greater than $225,000 reimbursed depending on whether actual CY 2019 pooled costs are greater than or less than the target group pools. Individuals will be evaluated over their enrollment period, and $225,000 threshold will not be pro-rated for partial year enrollment. If actual CY 2019 pooled costs are less than the target group pools, any remaining funding in the target group pools will be distributed as a flat PMPM amount to all MCOs.

Exhibit K

Rate Setting Checklist

The High Cost Risk Pool mechanism has been developed in accordance with generally accepted actuarial principles and practices.

AA.6.1 – Commercial Reinsurance

DHS does not require entities to purchase commercial reinsurance.

AA.6.2 – Stop-Loss Program

Please see AA.6.0.

AA.6.3 – Risk Corridor Program

Not applicable.

AA.7.0 – Incentive Arrangements

Please see Section VI of the rate report.

AA.7.1 – Electronic Health Records (EHR) Incentive Payments

DHS has not implemented incentive payments related to EHRs for the CY 2019 contract period.

Exhibit L

Response to 2018 to 2019 Managed Care Rate Development Guide (May 2018)

I. MEDICAID MANAGED CARE RATES

1. General Information

A. Rate Development Standards

i. The rate certification included herein is for the calendar year (CY) 2019 contract period. The previous certification was for the CY 2018 contract period.

ii. This rate certification submission was prepared in accordance with 42 CFR §438.4, 438.5, 438.6, and 438.7.

a. Our actuarial certification letter signed by Michael Cook, FSA, MAAA certifies that the final capitation rates meet the standards in 42 § CFR 438.3(c), 438.3(e), 438.4 (excluding paragraph (b)(9)), 438.5, 438.6, and 438.7. The certification can be found in Exhibit Q.

b. The final and certified capitation rates for all rate cells and regions can be found in Exhibit I.

c. Rate ranges are not certified. Therefore, this requirement does not apply.

d. The items requested can be found in Sections I and II of this report.

iii. Differences in capitation rates for covered the population are based on valid rate development standards and are not based on the rate of Federal financial participation associated with the covered population.

iv. Each rate cell is developed independently to be actuarially sound and does not cross-subsidize payments for another rate cell.

v. The effective dates of changes to the Medicaid program are consistent with the assumptions used to develop the capitation rates.

vi. The rate certification submission does demonstrate that the capitation rates were developed using generally accepted actuarial practices and principles.

a. All adjustment to the capitation rates reflect reasonable, appropriate, and attainable costs.

b. No adjustments to the rates are performed outside of the initial rate setting process beyond those outlined in Section VI of the report.

c. The final contracted rates in each cell match the capitation rates in the certification.

vii. The capitation rates included in this submission are certified for all time periods in which they are effective. No rates for a previous time period are used for a future time period.

viii. This rate certification conforms to the procedure for rate certifications for rate and contract amendments. The CY 2019 rates documented in this report are the initial capitation rates for the CY 2019 Wisconsin Medicaid LTC managed care contracts.

B. Appropriate Documentation

i. We believe that the attached report properly documents all the elements included in the rate certification and provides CMS enough detail to determine that regulation standard are met.

Please see Sections I, III, IV, and V of this report for the following details:

- Data used, including citations to studies, research papers, other states' analyses, or similar secondary data sources,
- Assumptions made, including any basis or justification for the assumption; and
- Methods for analyzing data and developing assumptions and adjustments.

ii. We detail within our responses in this guide the section of our report where each item described in the 2018 to 2019 Medicaid Managed Care Rate Development Guide can be found.

iii. All services and populations included in this rate certification are subject to the regular state FMAP.

iv. Please see Section I of this report for the following details:

a. A comparison of the final certified rates in the prior certification

b. A description of material changes to the capitation rate development process

2. Data

A. Rate Development Standards

i. Our report includes a thorough description of the data used.

a. DHS provided Milliman with validated encounter data and financial reports for at least the three most recent and complete years prior to the rating period.

b. The rate development methodology uses current MCO encounter data.

c. The data used is derived from the Medicaid population served under the Family Care program.

d. The rate development methodology uses recent MCO encounter data.

B. Appropriate Documentation

i. Milliman did request and receive a full claims and enrollment database from DHS. Acute and primary care data is summarized in Exhibit A.

ii. A detailed description of the data used in the rate development methodology can be found in Sections III to IV of this report. Sections III to IV also includes comments on the availability and quality of the data used for rate development.

iii. The rate certification and attached report thoroughly describe any material adjustments, and the basis for the adjustments, that are made to the data. Please see Section III and IV of this report for more details.

3. Projected Benefit Costs

A. Rate Development Standards

i. The final capitation rates shown in Exhibit I are based only upon services described in 42 CFR 438.3(c)(1)(ii) and 438.3(e).

ii. Variations in assumptions used to develop the projected benefit costs for the covered population are not based on the rate of Federal financial participation associated with the covered population.

iii. Each projected benefit cost trend assumption is reasonable and developed in accordance with generally accepted actuarial principles and practices using actual experience of the Medicaid population.

iv. There are no services provided in lieu of State Plan covered services.

v. The CY 2019 capitation rate methodology does not include any expenses for Institution for Mental Diseases (IMD).

vi. The CY 2019 capitation rate methodology does not include any expenses for Institution for Mental Diseases (IMD).

B. Appropriate Documentation

i. The various Exhibits included in this report document the final projected benefit costs by relevant level of detail and is consistent with how the State makes payments to the plans.

ii. Please refer to Sections III to IV of this report for the methodology and assumptions used to project contract period benefit costs. Section I of the report highlights key methodological changes since the previous rate development.

iii. The rate certification include a section on projected benefit cost trends in compliance with 42 CFR §438.7(b)(2). See Step 3 of Section III and Step 2 of Section IV for details related to the development of projected benefit cost trends.

iv. This certification does not include additional services deemed by the state to be necessary to comply with the parity standards of the Mental Health Parity and Addiction Equity Act

v. There are no services provided in lieu of State Plan covered services.

vi. Since the rate development base data reflects actual program experience, no adjustment for retrospective eligibility periods is necessary.

vii. Section I documents the impact on projected costs for all material changes to covered benefits or services since the last rate certification. Impacts for all such changes are included in Sections III and IV.

viii. Sections III and IV of the rate certification includes an estimated impact of the change on the amount of projected benefit costs and a description of the data, assumptions, and methodologies used to develop the adjustment for each change related to covered benefits or services.

4. Special Contract Provisions Related to Payment

A. Incentive Arrangements

i. Rate Development Standards

The pay for performance, the member relocation incentive payment, and the assisted living quality incentive payment are described in Section VI of the report. These incentives will not exceed 5% of the certified rates, and we made no adjustment for the incentive payments in rate development.

ii. Appropriate Documentation

The rate certification includes a description of the incentive arrangement. See Section VI of the report.

B. Withhold Arrangements

i. Rate Development Standards

The pay for performance withhold is described in Section VI of the report.

ii. Appropriate Documentation

The rate certification includes a description of the withhold arrangement. See Section VI of the report.

C. Risk Sharing Mechanism

i. Rate Development Standards

The functional screen risk adjustment and High Cost Risk Pool mechanisms have been developed in accordance with generally accepted actuarial principles and practices and cost neutral to the state in total.

ii. Appropriate Documentation

The rate certification includes a description of the risk sharing mechanism. See Section IV of the report.

D. Delivery System and Provider Payment Initiatives

i. Rate Development Standards

The CY 2019 capitation rate methodology includes a maximum fee schedule established by the state.

ii. Appropriate Documentation

Please see Section VI of the rate report for additional documentation of this arrangement.

E. Pass-Through Payments

i. Rate Development Standards

The CY 2019 capitation rate methodology does not include any pass-through payments.

ii. Appropriate Documentation

The CY 2019 capitation rate methodology does not include any pass-through payments.

5. Projected Non-Benefit Costs

A. Rate Development Standards

i. The development of the non-benefit component of the CY 2019 rates is compliant with 42 CFR §438.5(e) and include reasonable, appropriate, and attainable expenses related to MCO administration, taxes, licensing and regulatory fees, contribution to reserves, risk margin, and cost of capital.

ii. The non-benefit costs included in the CY 2019 capitation rates are developed as a per member per month for common categories of administrative expenses.

iii. Variations in assumptions used to develop the projected benefit costs for covered the population are not based on the rate of federal financial participation associated with the covered population.

iv. The Wisconsin Family Care Partnership program does cover services subject to the Health Insurer Fee. As such, a portion the revenue received by participating providers does accrue a Health Insurance Providers Fee (HIPF) liability in year for which the HIPF is applicable. The HIPF is paid through a rate adjustment once all necessary documentation is available. Because there is a moratorium on the HIPF for 2019, Family Care Partnership will not be subject to the fee.

B. Appropriate Documentation

i. Please refer to Section V of this report for a detailed description of the data and methodology used to develop of the projected non-benefit costs included in the capitation rates. The report includes a description of changes made since the last rate development.

ii. The projected non-benefit costs include appropriate consideration for administrative costs, taxes, licensing and regulatory fees, other assessments and fees, contribution to reserves, risk margin, and cost of capital.

iii. The Wisconsin Family Care Partnership program does cover services subject to the Health Insurer Fee. As such, a small portion the revenue received by participating providers does accrue a Health Insurance Providers Fee (HIPF) liability. The HIPF is paid through a rate adjustment once all necessary documentation is available.

6. Risk Adjustment and Acuity Adjustment

A. Rate Development Standards

i. The functional screen and risk adjustment detailed in Sections III and IV of the report are used for explaining costs of services covered under the contract for defined populations across MCOs.

ii. The risk adjustment models has been developed in accordance with generally accepted actuarial principles and practices and cost neutral to the state in total.

iii. Section IV of this report documents the use of acuity trends separate from benefit utilization and unit cost trends to consider the change in acuity for the Family Care Partnership population.

B. Appropriate Documentation

i. The functional screen and risk adjustment processes are detailed in Sections III and IV of the report.

ii. Section VI of the report documents the various retrospective risk adjustment mechanisms.

iii. The rate certification and supporting documentation do specifically include a description of any changes that are made to risk adjustment models since the last rating period and documentation that the risk adjustment model is budget neutral in accordance with 42 CFR §438.5(g).

iv. The rate certification includes a description of the acuity trend adjustment. This adjustment is developed according with generally accepted actuarial principles and practices.

II. MEDICAID MANAGED CARE RATES WITH LONG-TERM SERVICES AND SUPPORTS

1. Managed Long-Term Services and Supports

A. The information included in Section I is applicable to both the acute and primary care and long-term care component of the capitation rates.

B. Rate Development Standards

i. The Wisconsin Family Care Partnership program's capitation rates are a blend of the various target groups eligible for the program and blend costs for individuals in all settings of care. Details behind the target group assignment is included in Section IV of this report.

C. Appropriate Documentation

i. Sections I to IV of this report address the following items:

a. the structure of the capitation rates and rate cells or rating categories

b. the structure of the rates and the rate cells, and the data, assumptions, and methodology used to develop the rates in light of the overall rate setting approach

c. any other payment structures, incentives, or disincentives used to pay the MCOs

d. the expected effect that managing LTSS has on the utilization and unit costs of services

e. any effect that the management of this care is expected to have within each care setting and any effect in managing the level of care that the beneficiary receives

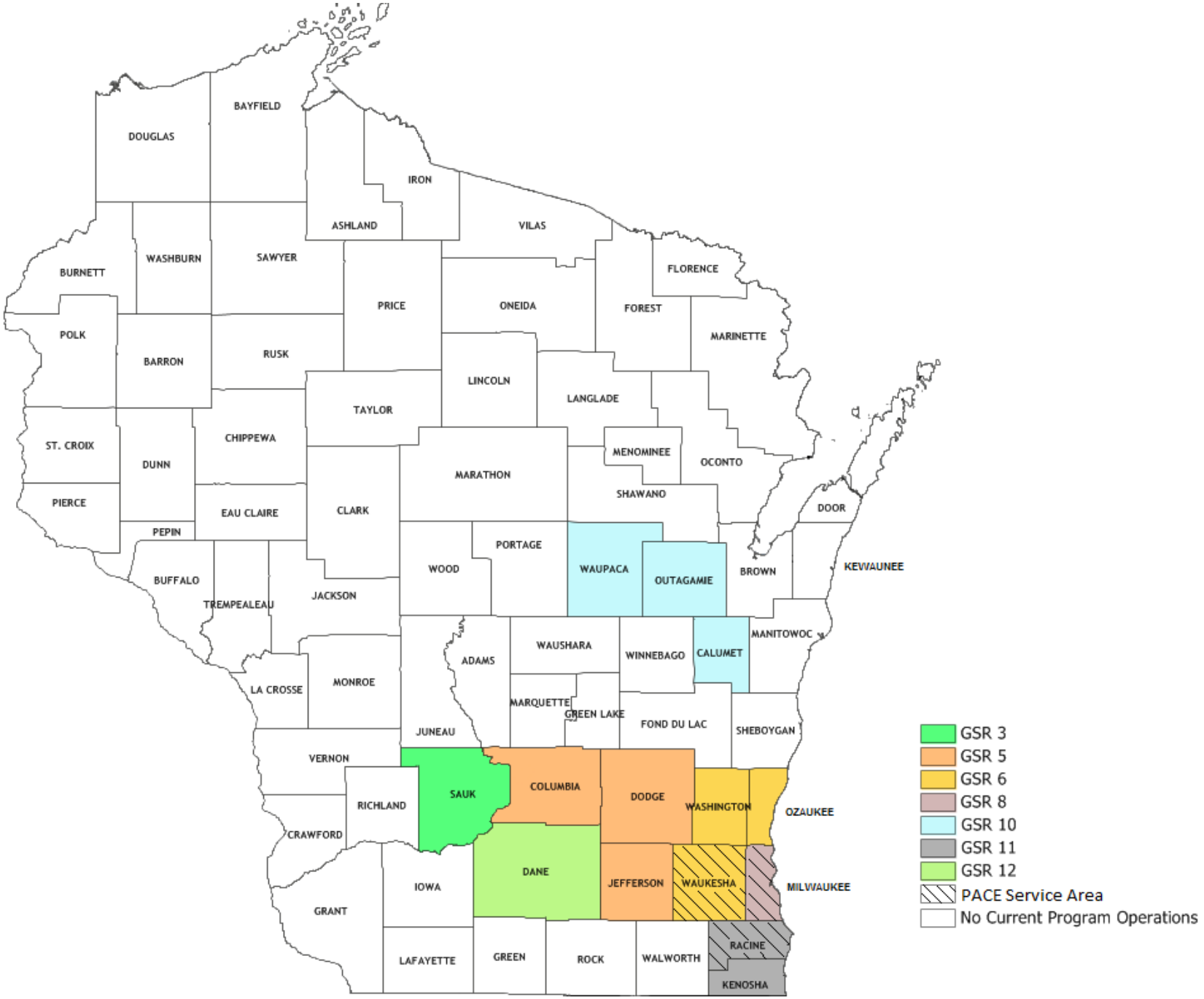
ii. Please refer to Section V of this report for a detailed description of the data and methodology used to develop the projected non-benefit costs included in the capitation rates. The report includes a description of changes made since the last rate development.

iii. The Wisconsin Family Care Partnership capitation rates presented in this report are based entirely on historical MCO encounter data and financial experience.

III. NEW ADULT GROUP CAPITATION RATES

This certification does not include rates for the new adult group under 1902(a)(10)(A)(i)(VIII) of the Social Security Act.

APPENDIX A


BAYFIELD
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LINCOLN
LANGLADE
TAYLOR
ST. CROIX
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DUNN
MENOMINEE
OCONTO
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PEPIN
PORTAGE
WAUPACA
OUTAGAMIE
BROWN
KEWAUNEE
BUFFALO
WOOD
TREMPEALEAU
JACKSON
MANITOWOC
WAUSHARA
WINNEBAGO
CALUMET
ADAMS
LA CROSSE
MONROE
MARQUETTE
GREEN LAKE
FOND DU LAC
SHEBOYGAN
JUNEAU
VERNON
SAUK
COLUMBIA
DODGE
WASHINGTON
OZAUKEE
RICHLAND
CRAWFORD
DANE
JEFFERSON
WAUKESHA
MILWAUKEE
IOWA
GRANT
LAFAYETTE
GREEN
ROCK
WALWORTH
RACINE
KENOSHA
GSR 3
GSR 5
GSR 6
GSR 8
GSR 10
GSR 11
GSR 12
PACE Service Area
No Current Program Operations

APPENDIX B

Appendix B
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Projected 2019 Family Care Partnership Expenditures

Enrollment Matrix by Base Rate Cell		Fiscal Results Matrix by Base Rate Cell				
MCO / GSR	2019 Projected Exposure Months	Average Total Capitation Rate	Federal Capitation Rate Liability	Federal Capitation Total Cost Liability	State Capitation Rate Liability	State Capitation Total Cost Liability
Care WI (GSR 3)	891	$3,922.20	$2,328.61	$2,074,893	$1,593.59	$1,419,958
Care WI (GSR 5)	2,765	3,913.37	2,323.37	6,423,102	1,590.00	4,395,665
Care WI (GSR 6)	216	2,975.48	1,766.54	380,861	1,208.94	260,643
Care WI (GSR 12)	18,110	3,542.41	2,103.13	38,087,495	1,439.28	26,065,267
iCare (GSR 3)	0	4,161.61	2,470.75	0	1,690.86	0
iCare (GSR 8)	8,967	3,641.71	2,162.08	19,387,118	1,479.63	13,267,620
iCare (GSR 11)	654	3,807.12	2,260.29	1,479,331	1,546.83	1,012,384
iCare (GSR 12)	2,788	3,722.14	2,209.83	6,161,499	1,512.31	4,216,637
CCHP (GSR 6)	1,693	3,884.81	2,306.41	3,905,252	1,578.40	2,672,568
CCHP (GSR 8)	3,018	5,712.61	3,391.58	10,235,363	2,321.03	7,004,595
CCHP (GSR 10)	1,375	3,726.12	2,212.20	3,042,484	1,513.92	2,082,131
CCHP (GSR 11)	1,938	3,786.24	2,247.89	4,356,469	1,538.35	2,981,360
Grand Total	42,415	$3,793.76	$2,252.35	$95,533,868	$1,541.40	$65,378,829

Assuming FFY 2019 Federal Medical Assistance Percentage of 59.37%.

APPENDIX C

Appendix C
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Trend Development - Acute and Primary Services

	PMPM Costs, FCP / PACE Experience					
Service Category	**CY 2014**	**CY 2016**	**CY 2017**	**2014-2016 Annual Trend**	**2016-2017 Annual Trend**	**Selected Trend**
Inpatient Hospital	$89.09	$146.78	$151.45	28.4%	3.2%	N/A
Outpatient Hospital	87.92	48.67	57.90	-25.6%	19.0%	N/A
Pharmacy	159.49	181.79	183.76	6.8%	1.1%	N/A
Dental	30.84	31.93	28.84	1.8%	-9.7%	N/A
Other Acute & Primary	93.94	103.37	112.72	4.9%	9.0%	N/A
Total	**$461.28**	**$512.54**	**$534.67**	**5.4%**	**4.3%**	**5.0%**

APPENDIX D

Appendix D
Wisconsin Department of Health Services
CY 2019 Partnership / PACE Capitation Rate Development
Trend Development - Long Term Care Services

	PMPM Costs, Family Care Experience				
	CY 2015	**CY 2016**	**CY 2017**	**2015-2017 Annual Trend**	**Selected Trend[1]**
Developmentally Disabled	$3,415.85	$3,478.51	$3,568.17	2.21%	2.10%
Physically Disabled	2,114.94	2,133.47	2,176.74	1.45%	1.30%
Frail Elderly	2,455.74	2,486.18	2,490.56	0.71%	1.20%
	Acuity/Risk Scores, Family Care Experience				
	CY 2015	**CY 2016**	**CY 2017**		
Developmentally Disabled	0.9732	0.9844	1.0134	2.05%	2.10%
Physically Disabled	0.9999	1.0066	0.9918	-0.40%	-0.30%
Frail Elderly	0.9856	0.9965	1.0081	1.13%	1.20%
	Risk Adjusted PMPM Costs, Family Care Experience				
	CY 2015	**CY 2016**	**CY 2017**		
Developmentally Disabled	$3,510.04	$3,533.81	$3,520.98	0.16%	0.00%
Physically Disabled	2,115.21	2,119.41	2,194.75	1.86%	1.60%
Frail Elderly	2,491.54	2,494.84	2,470.63	-0.42%	0.00%

[1]The final selected trends are based on the results of a regression analysis using monthly PMPM service costs from 2015 to 2017.