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December 14, 2015

Mr. Grant Cummings
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Wisconsin Department of Health Services
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Madison, WI 53701-0309

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

Re: CY 2016 Family Care Partnership / PACE Final 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 final CY 2016 capitation rates for Wisconsin's Family Care Partnership / Program of All-Inclusive Care of the Elderly (PACE) program.



We look forward to discussing those results with you.

Sincerely,

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**State of Wisconsin
Department of Health Services
CY 2016 Capitation Final Rate Development for
Family Care Partnership / PACE Program**

Prepared for:
**The State of Wisconsin
Department of Health Services**

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I. EXECUTIVE SUMMARY

This report documents the development of the final January 2016 - December 2016 (CY 2016) capitation rates for Wisconsin's Family Care Partnership / PACE program. The Wisconsin Department of Health Services (DHS) retained Milliman to calculate, document, and certify its capitation rate development. We developed the capitation rates using the methodology described in this report. Our role is to certify that the CY 2016 Family Care Partnership capitation rates produced by the rating methodology are actuarially sound to comply with CMS regulations.

CY 2016 FINAL CAPITATION RATES

This report includes the development of the 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 2016 service and administrative costs prior to removing the HCRP withhold and prior to adding targeted margin loads or program changes implemented since the base period.

The statewide average final capitation rate for CY 2016 is \$3,628.77 for the Family Care Partnership / PACE population before the pooled claims amount. The statewide average final CY 2016 MCE rate is \$3,545.53. The capitation rates add targeted margin and the market variability adjustment to the MCE rates for the NH eligible population. Table 1 shows the statewide rate change from the CY 2015 MCE to the CY 2016 MCE.

CY 2015 Rates	\$3,485.07
CY 2016 Rates	\$3,545.53
% Change	1.7%

The 1.7% increase in MCE rates from CY 2015 to CY 2016 can be broken down as follows:

- 0.2% decrease due to the difference between actual CY 2014 base cohort costs and the CY 2014 costs predicted as part of CY 2015 rate development comprised of:
 - 0.3% increase due to differences in target population mix,
 - 0.5% decrease due to differences in cost after adjusting for member mix.
- 0.9% increase due to differences in one year acuity and cost trend values applied to move CY 2014 costs to CY 2015 costs in CY 2016 rate development versus CY 2015 rate development,
- 1.0% increase due to application of acuity and cost trend to project CY 2015 acuity to CY 2016,
- 0.3% increase due to increases in the Partnership PMPM Add-On,
- 0.1% decrease due to changes in administrative load on a PMPM basis, and
- 0.2% decrease due to changes in member target population, MCO, and GSR mix relative to actual CY 2015 experience.

METHODOLOGY CHANGES FROM CY 2015 RATES

The CY 2016 capitation rate methodology reflects several changes to the CY 2015 rate methodology. The most significant changes are listed and described below.

High Cost Risk Pool

Effective January 1, 2016, DHS is implementing a High Cost Risk Pool (HCRP) for the Long-Term Care portion of the services covered for the Developmentally Disabled and Physically Disabled populations. The HCRP will not be implemented for the Frail Elderly population due to the low probability of reaching the cost threshold. The HCRP is targeted to cover 80% of LTC 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.

To project CY 2016 costs gross of the HCRP withhold, Developmentally Disabled and Physically Disabled costs are increased by 0.6% and 0.1%, respectively. These are the same withhold percentages utilized in the CY 2016 Family Care acuity model and rate development. Therefore, a pooling charge of \$24.73 PMPM for Developmentally Disabled and \$3.52 for Physically Disabled will be assessed from each MCO and placed into a pool. These charges are developed from the Nursing Home Level of Care population enrolled in the Family Care program. 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 2016 costs greater than \$225,000 reimbursed depending on whether actual CY 2016 pooled costs are greater than or less than the target group pools. Individuals will be evaluated over their enrollment period and the \$225,000 threshold will not be pro-rated for partial year enrollment.

Risk Score Approach Presentation

The presentation of the development of the CY 2016 LTC portion of the Family Care Partnership / PACE capitation rates includes a separate statewide base rate and MCO / GSR specific risk scores to develop the capitation rates, instead of only showing the risk adjusted PMPMs as in previous years. The risk score is derived from the regression models and is used to generate the risk adjusted PMPMs for each target group. Additional detail on the data sources supporting the acuity trends is outlined in Steps 1 and 2 of Section IV below.

The 2015 and 2016 approaches are consistent with each other and produce the same capitation rates. However, we believe that a risk score approach is more intuitive and allows for better acuity comparisons over time and across MCOs.

Acuity Versus Service Cost Trend Presentation

The presentation of the CY 2016 LTC portion of the Family Care Partnership / PACE capitation rates also illustrates separate acuity and service cost trends to project waiver services to the rate period. Historically, DHS has used a single trend adjustment that incorporated both service cost and population acuity components.

We believe that tracking acuity and service cost trend separately will incorporate more recent member acuity data and help stakeholders better understand the drivers behind the annual capitation rate changes.

DATA RELIANCE AND IMPORTANT CAVEATS

We used MCO financial reporting, as well as encounter, eligibility, diagnostic, and functional screen data for CY 2013, CY 2014 and June 2015, and other information provided by DHS to develop the Family Care Partnership / PACE capitation rates 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 2016 Family Care Partnership / PACE 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 consulting 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, and
- Increasing the ability of people to live in the community and participate in decisions regarding their own health care.¹

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. 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 15 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 (GSR 8). MCOs contract with service providers to deliver all State Plan and waiver LTC services, as well as all acute care and primary care services.

¹ <https://www.dhs.wisconsin.gov/familycare/fcp-overview.htm>, (August 10, 2015).

III. ACUTE AND PRIMARY SERVICE COST METHODOLOGY OVERVIEW

This section of the report describes the acute and primary service cost portion of the CY 2016 Family Care Partnership / PACE capitation rate methodology.

BASE EXPERIENCE DATA PROJECTION 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 CY 2014 MCO encounter base experience data for the Dual Eligible and Medicaid Only populations by target group.
2. Further summarize CY 2014 MCO encounter base experience data by age and gender groupings.
3. Apply IBNR and other adjustments to project CY 2016 services costs.
4. Blend the projected CY 2016 service costs into a MCO / GSR specific projected cost.

Each of the above steps is described in detail below.

Step 1: Extract and Summarize Encounter Base Experience Data

In this step the MCO encounter experience for CY 2014 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 CY 2014 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 2014 and December 2014 with dates of payment through April 2015. The value for the CY 2014 Medicare Part B deductible shown is the actual \$147 deductible amount in effect during CY 2014 and is not based on actual encounter data as substantially all individuals have sufficient Medicare-covered claim costs to fulfill the Medicare deductible. The encounter data was repriced by DHS to properly reflect coordination of benefits between Medicare and Medicaid. We reviewed and summarized the data and compared to previous rate reports for accuracy and completeness of the data provided.

Under the contract between DHS and the MCOs, the MCOs are not ultimately liable for service costs associated with members meeting certain criteria associated with AIDS or ventilator dependency. Therefore, we excluded base period costs identified using the same criteria.

The CY 2016 rate methodology relies on CY 2014 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 Long-Term Care Functional Screen (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.

Step 2: Summarize CY 2014 MCO Encounter Data by Age and Gender Groupings

In this step we further summarize the base experience period 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.

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 2016 Services 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 2016 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 (CF) of 1.009 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 2014 data. *CREW* calculates incurred but not reported (IBNR) reserve estimates by blending two different estimation methods: The lag completion method and the projection 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.

The projection method develops estimates for incurred claims in recent incurral months by trending an average base period incurred cost per unit to the midpoint of the incurred month at an assumed annual trend rate, and applying an additional factor to account for the seasonality of claim costs and the differing number of working days between months. The base period is chosen by selecting a group (usually 12) of recent consecutive months for which the lag completion method provides reasonable results.

The lag completion and projection methods are combined to produce the final incurred claim estimate. Final incurred claim estimates are calculated as a weighted average of these two methods.

Service Cost, Utilization, and Acuity Trend from CY 2014 to CY 2016:

Trend rates were used to project the CY 2014 baseline cost data beyond the base cost period to the CY 2016 contract period, to reflect changes in provider payment levels, average service utilization and mix and changes in member 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; and
- Industry experience for other comparable Medicaid long-term care programs

Table 2 below shows the annual trend rates used for the acute and primary services.

Table 2 Wisconsin Department of Health Services Annual Trend Rates by Service Category	
Service Category	Annual Trend Rate
Non-Pharmacy Services	2.0%
Pharmacy Services – Medicaid Only Population	8.0%
Pharmacy Services – Dual Eligible Population	2.0%

The projected Medicare Part B deductible monthly program costs are equal to one-twelfth of our projection of the 2016 Medicare Part B deductible. We utilized information from the 2015 Medicare Trustees report to develop this projection.

Step 4: Blend Projected Service Costs by Target Group

In this step we blend the projected CY 2016 service costs for each target group, Medicare eligibility status, and age gender grouping based on the projected CY 2016 target group membership. Exhibit C shows the projected CY 2016 enrollment distribution while Exhibits D1 - 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.

For an MCO with limited or no enrollment in a particular region, the projected acute and primary cost is developed using enrollment distribution by age / gender that reflects all Family Care Partnership / PACE enrollees in that region.

Risk Adjustment of Medicaid Only Service Cost

Due to the limited number of Medicaid Only enrollees in the Family Care Partnership / PACE programs, age / gender groupings are not credible. Therefore, we developed an aggregate cost by target group and used a diagnostic based risk adjustment to determine costs by MCO. We used the Medicare Hierarchical Condition Category (HCC) model developed by DxCG, Inc. to determine relative payment rates for Medicaid Only enrollees. Since the baseline costs are developed using all counties' experience, the acuity adjustment is budget neutral.

We used diagnostic data as provided by the MCOs with the V2213.79.L2 version of the HCC model published by CMS.

Table 3 below show the calculated risk score for each MCO / GSR.

Table 3 Wisconsin Department of Health Services Risk Adjustment Factors for Medicaid Only Population	
MCO / GSR	Risk Adjustment Factor
Care Wisconsin (GSR 3)	0.8983
Care Wisconsin (GSR 5)	0.9459
Care Wisconsin (GSR 6)	1.0396
Care Wisconsin (GSR 12)	1.0583
iCare (GSR 8)	0.9812
iCare (GSR 11)	1.0980
iCare (GSR 12)	1.0583
CCHP - PACE	1.0980
CCHP (GSR 6)	1.0396
CCHP (GSR 8)	0.8983
CCHP (GSR 10)	0.8983
CCHP (GSR 11)	0.9394

Final MCO / GSR rates are illustrated in Exhibit D after blending across projected 2016 membership and budget neutral risk adjustment for Medicaid-only eligibles.

IV. LONG-TERM CARE SERVICE COST METHODOLOGY OVERVIEW

This section of the report describes the CY 2016 Family Care Partnership / PACE capitation rate methodology for the Long-Term Care portion of the rate.

BASE EXPERIENCE DATA PROJECTION METHODOLOGY

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 for the member acuity level of each MCO / GSR combination and target group.
2. Apply adjustments to the risk adjusted cost to project CY 2016 services costs for each MCO / GSR combination and target group.
3. Blend the projected CY 2016 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 Adjustments for Each MCO / GSR and Target Group

In this step, we start with the CY 2014 Family Care NH LOC experience data PMPM and apply a risk adjustment factor to reflect the acuity of the 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 4 below shows the CY 2014 Family Care NH LOC experience data PMPM by target group.

Table 4 Wisconsin Department of Health Services Family Care Base Experience Costs PMPM	
Target Group	Cost PMPM
Developmentally Disabled	\$3,476.30
Physically Disabled	2,348.90
Frail Elderly	2,525.60

Functional Status Acuity Model Cost Restatement

We developed functional status models for each target group of Nursing Home Level of Care individuals enrolled in Family Care. These functional status models are used to model the CY 2014 LTC service cost for a population based on their Long-Term Care Functional Screens (LTC FS). The development of these models is described in the CY 2016 Family Care rate report dated December 2015. These functional status models are shown in Exhibits E1 - E3 for the Developmentally Disabled, Physically Disabled, and Frail Elderly population, respectively.

We used information contained in the LTCFS for the Family Care Partnership / PACE population enrolled in June 2015 to develop MCO / GSR specific modeled LTC service costs and risk scores.

Exhibits F1, F2, and F3 show the proportion of the June 2015 enrolled population with each variable for the three functional status models used in calculating the MCO / GSR specific risk score.

For an MCO with limited or no enrollment in a particular region, the projected risk score is developed using variable distributions for each functional status model from enrollment data that reflects all Family Care Partnership / PACE enrollees in that region.

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 2014 utilization and unit cost structure for Family Care) and the June 2015 Family Care Partnership / PACE population functional screens.

For informational purposes, Table 5 below illustrates an increase in average modeled acuity between CY 2014 and the June 2015 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 2014 Family Care acuity model and June 2015 Family Care Partnership / PACE functional screens.

Table 5 Wisconsin Department of Health Services Acuity Change Between CY 2014 and June 2015	
Target Group	Acuity Change
Developmentally Disabled	4.1%
Physically Disabled	-0.3%
Frail Elderly	2.1%

Step 2: Apply Adjustments to Risk Adjusted Cost to Project CY 2016 Services Costs

In this step we apply adjustment factors to reflect differences between the base period encounter data and the projected CY 2016 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 Add-On Amount:

We add a PMPM adjustment of \$106.60 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 2014 Family Care Partnership / PACE Care Management expenses of \$529.33 PMPM using the Care Management costs from the audited financial statements and base period member months.
 - a. For one of the participating MCOs the Care Management expenses in the Audited Financials were improperly filed in 2014. Per DHS’ direction, we used the 2013 Care Management Expenses from the Audited Financials trended to 2014 using recent CPI.

2. Calculate Care Management expense amount in excess of those provided under the Family Care program by subtracting the 2014 Care Management PMPM for the Family Care program from the 2014 Family Care Partnership / PACE Care Management PMPM. The Family Care Partnership / PACE Care Management expenses are \$172.86 greater than the \$356.47 experienced under Family Care.
3. Calculate the percentage of total revenue attributable to Medicaid (61.67%) 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. $61.67\% * \$172.86 = \106.60 PMPM.

Service Cost Trend from CY 2014 to CY 2016:

Trend rates were used to project the CY 2014 baseline PMPM cost data beyond the base cost period to the CY 2016 contract period, to reflect changes in provider payment levels and changes in average service utilization and mix. To assist in developing these trend rate projections, we analyzed monthly Family Care MCO encounter data from CY 2012 through CY 2014 in a number of different ways. The trend analysis excludes Family Care Partnership / PACE LTC encounter data because of the small size and incompleteness of the historical data. We excluded November 2014 and December 2014 from our analysis because those months are not complete in our data set. In addition, after discussions with DHS, we excluded certain MCO / GSR combinations from our analysis because of events extraordinary events occurring during the time period examining, including:

- Changes in the MCO administering the program,
- Implementation of one-time cost control strategies, and
- Significant initial economies of scale realized as a new MCO's regional enrollment grows.

Finally, DHS made recommendations on MCO / GSR to exclude from the analysis for MCOs that performed substantially different than the functional acuity model predicted from year to year. See Exhibit M for the results of our analysis.

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 PMPM trends in the trend analysis include the impact of service utilization / mix and unit cost changes. DHS analyzed unit cost changes in residential and institutional expenditures in order to separate the cost and utilization components of the trend estimates. There were no material changes in non-residential unit cost over that time period. To calculate the service cost component of the trend estimates, DHS calculated both the weighted average change in service costs of residential services using CY 2013 residential expenditures and the percentage increase in Medicaid fee-for-service nursing home rates from CY 2012 through CY 2014. The Department weighted the projected residential and nursing home rate changes by their proportion of CY 2013 service expenditures to estimate unit cost increases across the program. Institutional and residential expenditures account for about 57 percent of Family Care expenditures. The utilization trend assumptions were derived by backing out the unit cost trend assumptions from PMPM assumptions.

Table 6 illustrates the final trend values implemented for the CY 2016 rate development for each target group. The values are consistent with the historical trend analysis described above. The utilization trends are comparable to trends realized in other Medicaid managed long term care programs.

Table 6 Wisconsin Department of Health Services Annual Trend Rates by Target Group		
Target Group	Annual Utilization Trend	Annual Unit Cost Trend
Developmentally Disabled	-0.25%	0.25%
Physically Disabled	-0.20%	0.7%
Frail Elderly	0.89%	1.0%

Acuity Adjustment from CY 2015 to CY 2016:

In order to develop rates based on expected CY 2016 member acuity levels, we apply one year of projected acuity trend to the June 2015 acuity-adjusted costs. Because the risk adjustment factors applied in Step 1 above are derived from the June 2015 enrollment mix, one more year of acuity needs to be applied to the projected PMPM costs.

As part of the historical trend study, we developed CY 2012 - CY 2014 changes in average acuity for each target population. We believe these changes in average acuity, as outlined in Table 7 below, are appropriate to assume continuing for CY 2015 - CY 2016.

Table 7 Wisconsin Department of Health Services Annual Trend Rates by Target Group	
Target Group	Annual Acuity Trend
Developmentally Disabled	1.3%
Physically Disabled	-1.1%
Frail Elderly	0.3%

Geographic Wage Adjustment:

The functional status acuity model does not include any 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 first developed base cohort county factors based on the wage levels paid in the base cohort counties relative to the entire Family Care Partnership / PACE service area 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 2014 (downloaded on July 8, 2015) 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 2016 enrollment for Family Care Partnership / PACE in order to develop aggregate factors for each GSR as detailed in Table 8 below.

Table 8 Wisconsin Department of Health Services CY 2016 Geographic Wage Adjustment Factors Family Care Program		
GSR	Calculated Factor	Dampened Factor
Care Wisconsin (GSR 3)	0.988	0.992
Care Wisconsin (GSR 5)	1.010	1.007
Care Wisconsin (GSR 6)	1.006	1.004
Care Wisconsin (GSR 12)	1.062	1.043
CCHP (GSR 6)	1.006	1.004
CCHP (GSR 8)	1.006	1.004
CCHP (GSR 10)	0.981	0.987
CCHP (GSR 11)	1.049	1.034
iCare (GSR 8)	1.006	1.004
iCare (GSR 11)	1.049	1.034
iCare (GSR 12)	1.062	1.043
CCHP - PACE	1.006	1.004

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 2016 rate development. This adjustment is reflected in Exhibit G.

[Add Consideration for HCRP](#)

The CY 2016 Family Care functional status risk model was calibrated to CY 2014 costs net of the HCRP cost removed from the CY 2014 base period data. To project CY 2016 costs gross of the HCRP withhold, Developmentally Disabled and Physically Disabled costs are increased by \$24.73 PMPM and \$3.52 PMPM, respectively. These are the same withhold percentages, 0.6% and 0.1% respectively, utilized in the CY 2016 Family Care acuity model and rate development. This adjustment is reflected in Exhibit G.

[New Long-Term Care Benefits](#)

Effective January 1, 2015, the Family Care benefit package was expanded to include Consultative Clinical and Therapeutic Services for Caregivers and Training for Unpaid Caregivers. DHS developed an adjustment to projected 2016 service costs to reflect the anticipated financial impact of the new benefits, not reflected in the CY 2014 base data, based on the cost and utilization of similar waiver services.

DHS used the unit cost for Counseling and Therapeutic Services as a proxy for the new service unit costs and assumed that 3% of members would utilize these new services. This utilization rate is based on existing Counseling and Therapeutic Services and Consumer Education and Training utilization. Housing Counseling and Relocation Services, which are existing services that provide counseling for specific purposes, were also used as benchmarks in determining that the new services are also likely to be used as infrequently as once per quarter.

Overall, DHS determined that the costs for the new LTC benefits are \$0.67 PMPM. This adjustment is reflected in Exhibit G.

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 developed a range of reasonable and appropriate market variability adjustments.

The range of market variability factors for CY 2016 is 0.94 to 1.05. We developed these factors based on a review of actual CY 2013 and CY 2014 MCO / GSR 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. We excluded MCO / GSRs from the analysis that were not included in the base period cohort (CY 2013 or CY 2014) for rating years CY 2015 and CY 2016, respectively. The total range of results varied from 0.89 to 1.06, which we narrowed to account for natural variation that is expected in any at-risk managed care program. Sixty four percent of the results fell within the range we ultimately chose for the CY 2016 rate development.

Table 9 outlines the final market variability factors applied in this report. They were chosen based on DHS current knowledge of historical MCO / GSR LTC service and acuity experience, recent financial performance and projected surplus levels. Please note that the market variability adjustment shown below allows the PACE rate to remain below the 2016 Fee-for-Service Equivalent, and is not intended to account for specific market variability as described above.

Table 9 Wisconsin Department of Health Services CY 2016 Market Variability Adjustment Family Care Partnership / PACE Programs	
MCO / GSR	Market Variability Adjustment
Care WI / GSR 3	0.9924
Care WI / GSR 5	0.9924
Care WI / GSR 6	0.9939
Care WI / GSR 12	0.9913
iCare / GSR 8	0.9925
iCare / GSR 11	0.9936
iCare / GSR 12	0.9938
CCHP - PACE / GSR 8	1.1041
CCHP / GSR 6	1.0436
CCHP / GSR 8	1.0435
CCHP / GSR 10	1.0437
CCHP / GSR 11	1.0438

This adjustment is reflected in Exhibit G.

Step 3: Blend Projected Service Costs by Target Group

In this step we blend the projected CY 2016 MCO / GSR service costs for each target group based on the composite projected CY 2016 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 2016 Family Care Partnership / PACE capitation rate. Non-service expense loads and resulting MCE and capitation rates are shown in Exhibit H. Equivalent daily capitation rates and the rate split between LTC services, Acute and Primary services, and non-service costs are shown in Exhibit I.

ADMINISTRATIVE COST ALLOWANCE

DHS worked in collaboration with the MCOs to develop a sustainable approach to determine the administrative funding levels for the Family Care Partnership / PACE program. 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. As a result, DHS and the MCOs formed "small work groups" (SWGs) in 2009 to help assess the type and range of administrative costs. For the CY 2016 rate development MCOs provided updated 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.

Findings from the SWGs showed that there are eleven 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, and
- 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 \$36.60 PMPM amount is added to reflect administrative expenses related to the acute and primary portion of the capitation rates. DHS examined additional detailed MCO financial and employee data for the CY 2016 rate development in order to calculate the Medicaid-covered acute and primary portion of the administrative allowance.

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 three tiers within each component to account for different staffing expectations at small, medium, and large MCOs. MCOs are assigned a tier based on their projected CY 2016 enrollment. The resulting fixed PMPM costs is calculated for each MCO as the projected number of FTEs, and their corresponding expense, divided by the projected number of member months.

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 10 shows the fixed cost assumptions used to develop the final CY 2016 capitation rates.

Table 10							
Wisconsin Department of Health Services							
Detailed Assumptions for Fixed Cost Component of Non-Service Allowance							
FTE Assumptions: Fixed Cost Component							
Tier	Admin/ Executive	Compliance	HR	Marketing	Provider Mgmt.	Fiscal	Claims Mgmt.
Small	6	1	3	1	9	10	2
Medium	8	2	3	1	11	13	3
Large	12	3	4	1	13	16	3
Expense per FTE Assumptions: Fixed Cost Component							
Small	\$206,359	\$111,199	\$117,810	\$109,780	\$111,804	\$129,228	\$88,935
Medium	187,600	101,090	117,810	109,780	101,640	117,480	80,850
Large	178,220	96,036	111,920	109,780	96,558	111,606	80,850
Total Expense Assumptions: Fixed Cost Component							
Small	\$1,273,568	\$114,379	\$363,538	\$112,920	\$1,035,014	\$1,329,239	\$182,957
Medium	1,543,719	207,962	363,538	112,920	1,150,016	1,570,919	249,487
Large	2,199,799	296,346	460,482	112,920	1,291,154	1,836,767	249,487

It is important to note that for CY 2016, DHS moved a portion of the cost related to fiscal management activities to the fixed cost portion of the non-service allowance calculations.

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 11 shows the variable cost assumptions used to develop the CY 2016 capitation rates.

Table 11 Wisconsin Department of Health Services Variable Cost Components of Non-Service Allowance	
Cost Component	PMPM Cost
Claims Management	\$17.90
Fiscal Management	5.17
Information Management	27.25
Quality Management	12.18

Targeted Risk Margin / Contribution to Reserves

We include an explicit 0.5% 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

FEE-FOR-SERVICE EQUIVALENT COSTS (PACE ONLY)

This section of the report describes how the final PACE rates developed in this rate report are compliant with the rules related to Fee-For-Service Equivalent (FFSE) costs. The estimated costs of providing services to PACE enrollees in the absence of the PACE program is referred to as the FFSE cost or the Upper Payment Limit (UPL). Rate setting regulations for risk-based managed care programs *other* than PACE generally require that rates be ‘actuarially sound’, while the PACE rate setting approach requires that rates not exceed the FFSE cost of providing services to a comparable population. We developed and certified to final PACE rates that are compliant with the FFSE requirements.

PACE FFSE costs were developed from calendar year 2007 Legacy Waiver FFS costs for Milwaukee and Waukesha counties, where PACE is in operation. This data was summarized into rate cells by age, gender, and Medicare status and then re-weighted using the PACE enrollment data as of July 2009. Beginning in calendar year 2011, managed LTC enrollment in Milwaukee and Waukesha counties had reduced the PACE-eligible FFS population to a level that was no longer credible to use to calculate FFSE costs. Therefore, FFSE costs for calendar year 2011 and beyond have been estimated by trending forward the calendar year 2010 FFSE costs and adjusting, where applicable, for changes in covered benefits or populations.

In calendar year 2016, there were no new benefits or populations covered effective January 2016. However, we did include an upward adjustment of 2.9% to the FFSE for higher than anticipated acuity trend between 2014 and 2015 for PACE enrollees.

Table 12 below outlines the development of the \$3,722.97 FFSE. The final rate for PACE of \$3,693.13 is about 0.80% less than the FFSE, and is, therefore, compliant with UPL requirements.

Table 12 Wisconsin Department of Health Services Fee-For-Service Equivalent Compliance Results				
FFSE Rate from 2015 Rate Report	2015 to 2016 Trend ¹	FFSE Rate Trended to 2016	2016 PACE Capitation Rate	Estimated Savings
\$3,618.39	1.0289	\$3,722.97	\$3,693.13	0.80%

¹ Inclusive of 2015 to 2016 service cost and acuity trend as well as incremental 2014 to 2015 acuity trend over that projected in 2015 rate development.

POTENTIAL RETROSPECTIVE ADJUSTMENTS

Several retrospective adjustments not reflected in this report may be made if experience for certain issues outside the MCO control do not substantially conform to assumptions in this rate development. These adjustments, which are expected to be completed by December 31, 2017, include:

Target Group Adjustment

DHS will reconcile the acute and primary and LTC service components of capitation payments to the actual target group mix experienced during 2016.

Dual Eligibility Status Adjustment

DHS may reconcile the acute and primary services component of capitation payments to the mix between Medicare and non-Medicare eligibles experienced during 2016. The determination of whether this reconciliation is made depends on the materiality of the difference of the actual 2016 mix and the mix assumed in this rate development.

Program Implementation in New Regions

In geographic regions that are new to Family Care Partnership / PACE, the LTC services component of the capitation rate may be reconciled to the actual 2016 acuity of an MCO's membership, as measured by the LTC functional screen. The determination of whether this reconciliation is made depends on the materiality of the difference of the actual 2016 acuity and the acuity assumed in this rate development.

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 2016 and who meet both of the following conditions:

1. Has a nursing home stay greater than 100 consecutive days during 2016 after enrollment; and
2. Enrolled within 32 calendar days of their nursing home discharge date, or enrolled while residing in a nursing home.

OTHER NON-CAPITATED PAYMENT

AIDS / Ventilator Dependent Reconciliation

Under the contract between DHS and the MCOs, the MCOs are not ultimately liable for service costs 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.

Relocation Incentive Payment

DHS will provide a one-time incentive payment to the MCO for each MCO member who is relocated from an institution into a community setting consistent with federal Money Follows the Person (MFP) guidelines.

Exhibits A - D

Capitation Rate Development – Acute and Primary Services

State of Wisconsin Department of Health Services

CY 2016 Capitation Final Rate Development for Family Care Partnership / PACE Program

December 14, 2015

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 2016 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 2016 Family Care Partnership / PACE Capitation Rate Development
Summary of 2014 Acute and Primary Services Experience by MCO / GSR
Dual Eligible Population

	Care WI (GSR 3)			Care WI (GSR 5)			Care WI (GSR 12)			iCare (GSR 8)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	162	195	378	604	753	929	815	6,356	4,734	825	4,064	403
Acute & Primary Services												
Inpatient Hospital	14.99	61.78	16.76	10.88	24.17	8.70	6.08	26.89	12.82	8.39	40.49	11.34
Outpatient Hospital	43.83	62.16	30.05	37.18	75.08	39.26	60.10	78.41	44.43	17.50	45.28	19.92
Pharmacy	9.57	12.16	6.13	9.22	36.69	6.69	11.47	56.39	12.90	1.32	4.91	-
Dental	9.11	42.57	16.23	21.15	43.67	21.45	12.30	20.99	9.47	27.66	24.35	14.53
Other Acute & Primary	17.13	51.52	39.27	27.79	53.82	24.97	34.19	61.09	39.23	43.66	109.18	69.10
Primary & Acute Subtotal	94.62	230.20	108.44	106.21	233.42	101.08	124.14	243.77	118.85	98.52	224.20	114.90
Deductible / Coinsurance												
Part B Deductible	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25
Grand Total	106.87	242.45	120.69	118.46	245.67	113.33	136.39	256.02	131.10	110.77	236.45	127.15
Composite PMPM		149.90			158.28			198.16			208.54	

Exhibit A1
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Summary of 2014 Acute and Primary Services Experience by MCO / GSR
Dual Eligible Population

	iCare (GSR 11)			CCHP - PACE (GSR 8+)			CCHP (GSR 6)			CCHP (GSR 8)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	31	165	114	340	2,920	4,486	321	465	532	503	951	525
Acute & Primary Services												
Inpatient Hospital	-	14.71	10.67	3.58	3.82	2.01	-	4.72	2.91	4.07	2.10	2.32
Outpatient Hospital	7.58	6.72	3.14	32.79	109.10	31.16	43.30	135.74	61.64	19.69	126.27	19.77
Pharmacy	-	0.05	-	0.10	1.78	0.16	-	17.51	0.11	0.03	12.02	0.11
Dental	-	16.09	25.66	52.08	63.80	53.42	42.08	44.89	13.96	64.64	90.06	34.67
Other Acute & Primary	71.24	95.44	71.09	21.97	55.78	46.57	21.60	74.10	34.41	24.56	51.09	33.90
Primary & Acute Subtotal	78.81	133.01	110.56	110.51	234.29	133.32	106.98	276.96	113.03	112.99	281.55	90.76
Deductible / Coinsurance												
Part B Deductible	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25
Grand Total	91.06	145.26	122.81	122.76	246.54	145.57	119.23	289.21	125.28	125.24	293.80	103.01
Composite PMPM		131.55			182.64			181.65			200.34	

Exhibit A1
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Summary of 2014 Acute and Primary Services Experience by MCO / GSR
Dual Eligible Population

	CCHP (GSR 10)			CCHP (GSR 11)			Grand Total - Base Data		
	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	307	530	645	448	716	833	4,356	17,116	13,580
Acute & Primary Services									
Inpatient Hospital	29.10	43.67	7.27	0.27	-	4.17	7.62	23.76	7.43
Outpatient Hospital	26.34	151.99	22.15	40.93	179.43	81.96	35.49	85.47	39.18
Pharmacy	22.43	21.26	0.05	7.04	8.06	0.08	6.34	26.30	5.19
Dental	5.11	21.31	8.77	9.35	14.42	9.33	26.76	34.51	26.39
Other Acute & Primary	47.88	66.31	28.75	30.69	47.58	41.50	32.34	70.90	41.08
Primary & Acute Subtotal	130.85	304.54	66.99	88.27	249.49	137.05	108.54	240.95	119.28
Deductible / Coinsurance									
Part B Deductible	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25
Grand Total	143.10	316.79	79.24	100.52	261.74	149.30	120.79	253.20	131.53
Composite PMPM		177.40			178.64			189.60	

Exhibit A2
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Summary of 2014 Acute and Primary Services Experience by MCO / GSR
Medicaid Only Population

	Care WI (GSR 3)			Care WI (GSR 5)			Care WI (GSR 12)			iCare (GSR 8)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	36	12	12	167	105	-	315	1,726	46	810	2,794	-
Acute & Primary Services												
Inpatient Hospital	-	-	900.87	232.66	193.40	-	222.27	766.36	-	156.97	410.67	-
Outpatient Hospital	50.39	9.33	89.33	217.21	628.35	-	163.03	243.06	40.09	108.97	139.78	-
Pharmacy	232.64	165.35	39.07	901.88	613.20	-	708.65	858.69	205.21	386.50	1,063.00	-
Dental	92.60	3.62	-	9.62	33.54	-	31.35	14.70	21.54	11.32	32.72	-
Other Acute & Primary	24.89	318.05	604.21	143.05	292.24	-	198.08	297.83	85.86	123.92	323.16	-
Primary & Acute Subtotal	400.52	496.35	1,633.49	1,504.43	1,760.73	-	1,323.39	2,180.65	352.70	787.69	1,969.32	-
Deductible / Coinsurance												
Part B Deductible	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	400.52	496.35	1,633.49	1,504.43	1,760.73	-	1,323.39	2,180.65	352.70	787.69	1,969.32	-
Composite PMPM		666.28			1,603.37			2,011.37			1,703.84	

Exhibit A2
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Summary of 2014 Acute and Primary Services Experience by MCO / GSR
Medicaid Only Population

	iCare (GSR 11)			CCHP - PACE (GSR 8+)			CCHP (GSR 6)			CCHP (GSR 8)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	43	47	-	108	511	-	53	173	-	377	435	-
Acute & Primary Services												
Inpatient Hospital	65.97	294.78	-	228.23	267.50	-	-	194.00	-	45.60	503.03	-
Outpatient Hospital	110.36	77.13	-	64.47	311.24	-	239.66	529.95	-	48.13	474.31	-
Pharmacy	187.95	654.25	-	392.90	446.85	-	183.46	810.11	-	458.25	558.57	-
Dental	-	3.30	-	25.77	62.53	-	12.11	99.09	-	72.33	83.08	-
Other Acute & Primary	32.14	171.90	-	172.22	275.90	-	233.21	371.44	-	104.23	282.35	-
Primary & Acute Subtotal	396.41	1,201.35	-	883.59	1,364.02	-	668.45	2,004.59	-	728.53	1,901.34	-
Deductible / Coinsurance												
Part B Deductible	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	396.41	1,201.35	-	883.59	1,364.02	-	668.45	2,004.59	-	728.53	1,901.34	-
Composite PMPM		816.31			1,280.11			1,691.27			1,356.93	

Exhibit A2
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Summary of 2014 Acute and Primary Services Experience by MCO / GSR
Medicaid Only Population

	CCHP (GSR 10)			CCHP (GSR 11)			Grand Total - Base Data		
	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	88	120	-	77	142	-	2,073	6,065	58
Acute & Primary Services									
Inpatient Hospital	-	38.50	-	358.47	620.64	-	148.63	492.36	187.20
Outpatient Hospital	33.17	59.29	-	225.94	474.13	-	115.99	232.67	50.32
Pharmacy	200.36	778.86	-	164.75	924.28	-	462.19	887.98	170.69
Dental	1.25	25.53	-	38.87	2.15	-	27.85	34.48	17.06
Other Acute & Primary	125.84	120.98	-	193.69	368.28	-	137.49	305.76	193.57
Primary & Acute Subtotal	360.62	1,023.16	-	981.71	2,389.49	-	892.15	1,953.24	618.84
Deductible / Coinsurance									
Part B Deductible	-	-	-	-	-	-	-	-	-
Grand Total	360.62	1,023.16	-	981.71	2,389.49	-	892.15	1,953.24	618.84
Composite PMPM		743.34			1,895.45			1,675.50	

Exhibit B1
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Summary of 2014 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	14.77	3.46	403.28	403.28	40.54	7.83	403.28	403.28	-	-	-	-
	45-54	6.01	3.28	403.28	403.28	39.87	27.37	403.28	403.28	-	-	-	-
	55-64	16.79	-	403.28	403.28	35.82	30.29	403.28	403.28	-	-	-	-
	65-74	6.97	7.33	403.28	403.28	38.16	8.94	403.28	403.28	12.07	16.25	403.28	403.28
	75-84	19.24	-	403.28	403.28	4.88	7.57	403.28	403.28	5.96	7.82	403.28	403.28
	85+	-	15.47	403.28	403.28	-	5.25	403.28	403.28	4.76	5.87	403.28	403.28
Outpatient Hospital	0-44	48.61	26.27	201.88	201.88	121.13	65.90	201.88	201.88	-	-	-	-
	45-54	29.58	15.63	201.88	201.88	152.53	63.88	201.88	201.88	-	-	-	-
	55-64	40.59	27.51	201.88	201.88	71.53	87.02	201.88	201.88	-	-	-	-
	65-74	58.06	38.65	201.88	201.88	146.97	81.04	201.88	201.88	126.91	57.57	201.88	201.88
	75-84	57.71	16.44	201.88	201.88	47.03	30.45	201.88	201.88	65.03	43.21	201.88	201.88
	85+	24.03	8.36	201.88	201.88	33.16	21.63	201.88	201.88	25.12	22.30	201.88	201.88
Pharmacy	0-44	9.38	8.45	775.25	775.25	82.66	12.81	775.25	775.25	-	-	-	-
	45-54	2.00	3.67	775.25	775.25	22.74	21.64	775.25	775.25	-	-	-	-
	55-64	1.03	5.93	775.25	775.25	88.49	7.83	775.25	775.25	-	-	-	-
	65-74	3.76	14.43	775.25	775.25	21.99	15.38	775.25	775.25	6.93	11.43	775.25	775.25
	75-84	1.19	10.19	775.25	775.25	2.78	9.85	775.25	775.25	4.54	5.46	775.25	775.25
	85+	11.87	7.84	775.25	775.25	8.87	5.00	775.25	775.25	3.16	4.15	775.25	775.25
Dental	0-44	31.10	30.27	32.68	32.68	31.11	39.60	32.68	32.68	-	-	-	-
	45-54	20.18	53.56	32.68	32.68	50.57	25.88	32.68	32.68	-	-	-	-
	55-64	26.85	24.02	32.68	32.68	34.84	38.39	32.68	32.68	-	-	-	-
	65-74	20.37	23.87	32.68	32.68	38.63	33.96	32.68	32.68	17.77	18.72	32.68	32.68
	75-84	-	9.08	32.68	32.68	20.23	23.10	32.68	32.68	23.54	27.07	32.68	32.68
	85+	2.23	0.17	32.68	32.68	17.09	24.36	32.68	32.68	19.11	29.82	32.68	32.68
Other	0-44	34.59	44.96	262.42	262.42	54.06	125.96	262.42	262.42	-	-	-	-
	45-54	21.71	31.40	262.42	262.42	96.77	84.82	262.42	262.42	-	-	-	-
	55-64	31.52	29.86	262.42	262.42	62.63	69.68	262.42	262.42	-	-	-	-
	65-74	31.52	33.32	262.42	262.42	84.03	60.77	262.42	262.42	67.57	47.39	262.42	262.42
	75-84	17.28	29.19	262.42	262.42	53.35	61.29	262.42	262.42	51.91	40.54	262.42	262.42
	85+	9.25	24.91	262.42	262.42	72.41	33.68	262.42	262.42	31.83	36.97	262.42	262.42
Medicare Part B Deductible	0-44	12.25	12.25	-	-	12.25	12.25	-	-	12.25	12.25	-	-
	45-54	12.25	12.25	-	-	12.25	12.25	-	-	12.25	12.25	-	-
	55-64	12.25	12.25	-	-	12.25	12.25	-	-	12.25	12.25	-	-
	65-74	12.25	12.25	-	-	12.25	12.25	-	-	12.25	12.25	-	-
	75-84	12.25	12.25	-	-	12.25	12.25	-	-	12.25	12.25	-	-
	85+	12.25	12.25	-	-	12.25	12.25	-	-	12.25	12.25	-	-
Total	0-44	150.70	125.65	1,675.50	1,675.50	341.76	264.34	1,675.50	1,675.50	12.25	12.25	-	-
	45-54	91.73	119.79	1,675.50	1,675.50	374.73	235.84	1,675.50	1,675.50	12.25	12.25	-	-
	55-64	129.03	99.57	1,675.50	1,675.50	305.56	245.45	1,675.50	1,675.50	12.25	12.25	-	-
	65-74	132.93	129.85	1,675.50	1,675.50	342.03	212.35	1,675.50	1,675.50	243.50	163.61	1,675.50	1,675.50
	75-84	107.67	77.15	1,675.50	1,675.50	140.52	144.50	1,675.50	1,675.50	163.24	136.35	1,675.50	1,675.50
	85+	59.62	69.00	1,675.50	1,675.50	143.78	102.17	1,675.50	1,675.50	96.24	111.36	1,675.50	1,675.50
Grand Total		120.79		1,675.50		253.20		1,675.50		131.53		1,675.50	

Exhibit B2
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Summary of Trended and Completed 2016 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
Hospital Inpatient	0-44	15.51	3.63	423.56	423.56	42.58	8.23	423.56	423.56	-	-	-	-
	45-54	6.31	3.44	423.56	423.56	41.88	28.75	423.56	423.56	-	-	-	-
	55-64	17.63	-	423.56	423.56	37.62	31.81	423.56	423.56	-	-	-	-
	65-74	7.32	7.70	423.56	423.56	40.08	9.39	423.56	423.56	12.68	17.06	423.56	423.56
	75-84	20.21	-	423.56	423.56	5.13	7.95	423.56	423.56	6.26	8.22	423.56	423.56
85+	-	16.25	423.56	423.56	-	5.51	423.56	423.56	5.00	6.17	423.56	423.56	
Hospital Outpatient	0-44	51.05	27.59	212.03	212.03	127.22	69.21	212.03	212.03	-	-	-	-
	45-54	31.07	16.42	212.03	212.03	160.20	67.09	212.03	212.03	-	-	-	-
	55-64	42.63	28.89	212.03	212.03	75.13	91.39	212.03	212.03	-	-	-	-
	65-74	60.98	40.59	212.03	212.03	154.36	85.12	212.03	212.03	133.29	60.46	212.03	212.03
	75-84	60.61	17.27	212.03	212.03	49.39	31.98	212.03	212.03	68.30	45.38	212.03	212.03
85+	25.24	8.78	212.03	212.03	34.83	22.72	212.03	212.03	26.39	23.42	212.03	212.03	
Pharmacy	0-44	9.76	8.79	904.25	904.25	86.00	13.32	904.25	904.25	-	-	-	-
	45-54	2.08	3.82	904.25	904.25	23.66	22.51	904.25	904.25	-	-	-	-
	55-64	1.07	6.17	904.25	904.25	92.07	8.14	904.25	904.25	-	-	-	-
	65-74	3.91	15.01	904.25	904.25	22.87	16.01	904.25	904.25	7.21	11.90	904.25	904.25
	75-84	1.24	10.60	904.25	904.25	2.89	10.25	904.25	904.25	4.73	5.68	904.25	904.25
85+	12.35	8.15	904.25	904.25	9.22	5.20	904.25	904.25	3.29	4.32	904.25	904.25	
Dental	0-44	32.67	31.79	34.32	34.32	32.67	41.59	34.32	34.32	-	-	-	-
	45-54	21.20	56.25	34.32	34.32	53.11	27.18	34.32	34.32	-	-	-	-
	55-64	28.20	25.23	34.32	34.32	36.59	40.32	34.32	34.32	-	-	-	-
	65-74	21.39	25.07	34.32	34.32	40.58	35.66	34.32	34.32	18.67	19.66	34.32	34.32
	75-84	-	9.54	34.32	34.32	21.25	24.26	34.32	34.32	24.73	28.43	34.32	34.32
85+	2.34	0.18	34.32	34.32	17.95	25.59	34.32	34.32	20.07	31.32	34.32	34.32	
Other	0-44	36.33	47.22	275.61	275.61	56.78	132.30	275.61	275.61	-	-	-	-
	45-54	22.80	32.98	275.61	275.61	101.64	89.09	275.61	275.61	-	-	-	-
	55-64	33.11	31.36	275.61	275.61	65.78	73.18	275.61	275.61	-	-	-	-
	65-74	33.11	35.00	275.61	275.61	88.25	63.83	275.61	275.61	70.96	49.77	275.61	275.61
	75-84	18.15	30.66	275.61	275.61	56.04	64.37	275.61	275.61	54.52	42.58	275.61	275.61
85+	9.71	26.17	275.61	275.61	76.05	35.37	275.61	275.61	33.43	38.83	275.61	275.61	
Medicare Part B Deductible	0-44	13.17	13.17	-	-	13.17	13.17	-	-	13.17	13.17	-	-
	45-54	13.17	13.17	-	-	13.17	13.17	-	-	13.17	13.17	-	-
	55-64	13.17	13.17	-	-	13.17	13.17	-	-	13.17	13.17	-	-
	65-74	13.17	13.17	-	-	13.17	13.17	-	-	13.17	13.17	-	-
	75-84	13.17	13.17	-	-	13.17	13.17	-	-	13.17	13.17	-	-
85+	13.17	13.17	-	-	13.17	13.17	-	-	13.17	13.17	-	-	
Total	0-44	158.48	132.19	1,849.77	1,849.77	358.42	277.81	1,849.77	1,849.77	13.17	13.17	-	-
	45-54	96.62	126.08	1,849.77	1,849.77	393.65	247.78	1,849.77	1,849.77	13.17	13.17	-	-
	55-64	135.81	104.82	1,849.77	1,849.77	320.35	258.02	1,849.77	1,849.77	13.17	13.17	-	-
	65-74	139.88	136.54	1,849.77	1,849.77	359.31	223.17	1,849.77	1,849.77	255.97	172.02	1,849.77	1,849.77
	75-84	113.38	81.23	1,849.77	1,849.77	147.86	151.97	1,849.77	1,849.77	171.70	143.45	1,849.77	1,849.77
85+	62.80	72.69	1,849.77	1,849.77	151.22	107.56	1,849.77	1,849.77	101.35	117.21	1,849.77	1,849.77	
Grand Total		127.10		1,849.77		265.97		1,849.77		138.39		1,849.77	

Exhibit C
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Summary of 2016 Projected Member Months by MCO / GSR and Age Group
Dual Eligible and MA Only Populations

MCO	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
Care WI (GSR 3)	0-44	40	53	27	13	48	13	-	-	-	-	-	-
	45-54	27	13	-	-	-	4	13	-	-	-	-	-
	55-64	30	3	-	-	41	13	-	-	-	-	-	-
	65-74	-	-	-	-	2	38	-	-	8	26	-	-
	75-84	13	1	-	-	-	36	-	-	21	69	-	11
	85+	-	-	-	-	-	13	-	-	45	175	-	-
Care WI (GSR 5)	0-44	36	54	47	64	30	62	0	4	-	-	-	-
	45-54	70	76	3	13	53	86	2	25	-	-	-	-
	55-64	78	38	-	37	82	101	27	49	-	-	-	-
	65-74	64	133	-	13	75	137	-	-	50	93	-	-
	75-84	13	20	-	-	37	50	-	-	113	222	-	-
	85+	25	33	-	-	12	47	-	-	69	371	-	-
Care WI (GSR 6) ¹	0-44	-	-	-	-	-	-	-	-	-	-	-	-
	45-54	-	-	-	-	-	-	-	-	-	-	-	-
	55-64	-	-	-	-	-	-	-	-	-	-	-	-
	65-74	-	-	-	-	-	-	-	-	-	-	-	-
	75-84	-	-	-	-	-	-	-	-	-	-	-	-
	85+	-	-	-	-	-	-	-	-	-	-	-	-
Care WI (GSR 12)	0-44	51	64	55	83	165	401	161	236	-	-	-	-
	45-54	102	71	38	64	509	759	185	320	-	-	-	-
	55-64	36	171	20	61	814	1,356	275	548	-	-	-	-
	65-74	149	131	-	13	522	1,357	16	52	177	492	-	1
	75-84	0	38	-	-	178	360	-	-	464	1,465	14	6
	85+	13	40	-	-	43	138	-	-	331	1,920	1	25
iCare (GSR 8)	0-44	177	212	391	220	147	109	108	191	-	-	-	-
	45-54	95	91	41	41	310	461	357	666	-	-	-	-
	55-64	98	87	11	72	608	989	406	1,134	-	-	-	-
	65-74	23	4	-	-	299	852	4	14	52	114	-	-
	75-84	-	4	-	-	83	275	-	12	33	204	-	-
	85+	-	-	-	-	7	66	-	-	15	82	-	-
iCare (GSR 11)	0-44	-	13	9	-	22	17	-	34	-	-	-	-
	45-54	-	8	13	25	-	50	1	-	-	-	-	-
	55-64	-	13	-	-	29	39	14	17	-	-	-	-
	65-74	-	-	-	-	-	42	-	-	28	17	-	-
	75-84	-	-	-	-	-	17	-	-	-	31	-	-
	85+	-	-	-	-	-	15	-	-	-	57	-	-
iCare (GSR 12) ²	0-44	1	1	1	2	6	15	6	9	-	-	-	-
	45-54	2	2	1	1	19	28	7	12	-	-	-	-
	55-64	1	4	0	1	30	50	10	20	-	-	-	-
	65-74	3	3	-	0	19	50	1	2	5	15	-	0
	75-84	0	1	-	-	7	13	-	-	14	43	0	0
	85+	0	1	-	-	2	5	-	-	10	57	0	1

Exhibit C
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Summary of 2016 Projected Member Months by MCO / GSR and Age Group
Dual Eligible and MA Only Populations

MCO	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
CCHP - PACE (GSR 8+)	0-44	-	-	-	-	-	-	-	-	-	-	-	-
	45-54	-	-	-	-	-	-	-	-	-	-	-	-
	55-64	72	52	57	59	394	398	195	267	-	-	-	-
	65-74	137	90	-	-	511	939	-	-	94	155	-	-
	75-84	13	-	-	-	135	144	-	-	285	990	-	-
	85+	-	-	-	-	26	90	-	-	184	2,382	-	-
CCHP (GSR 6)	0-44	42	91	28	14	36	2	11	20	-	-	-	-
	45-54	30	71	-	12	32	27	7	15	-	-	-	-
	55-64	8	38	-	-	103	119	23	139	-	-	-	-
	65-74	37	12	-	-	83	119	-	-	24	84	-	-
	75-84	-	-	-	-	15	31	-	-	60	168	-	-
	85+	-	-	-	-	-	9	-	-	38	160	-	-
CCHP (GSR 8)	0-44	165	91	191	144	32	43	32	26	-	-	-	-
	45-54	46	-	39	13	63	70	35	55	-	-	-	-
	55-64	107	71	1	21	121	208	146	113	-	-	-	-
	65-74	13	39	-	-	72	250	-	6	2	22	-	-
	75-84	-	13	-	-	11	18	-	-	117	167	-	-
	85+	-	-	-	-	7	10	-	-	40	135	-	-
CCHP (GSR 10)	0-44	77	13	47	38	29	19	36	-	-	-	-	-
	45-54	56	25	7	-	18	5	11	57	-	-	-	-
	55-64	25	50	-	-	113	103	-	15	-	-	-	-
	65-74	50	-	-	-	78	116	-	3	10	87	-	-
	75-84	15	-	-	-	12	16	-	-	66	247	-	-
	85+	-	11	-	-	12	12	-	-	51	218	-	-
CCHP (GSR 11)	0-44	35	55	12	12	-	11	10	-	-	-	-	-
	45-54	12	23	-	-	55	57	25	59	-	-	-	-
	55-64	104	89	40	12	62	154	25	27	-	-	-	-
	65-74	23	77	-	-	124	190	-	-	27	57	-	-
	75-84	19	-	-	-	25	27	-	-	187	145	-	-
	85+	-	-	-	-	12	20	-	-	74	251	-	-
Total	0-44	623	647	807	590	514	693	365	520	-	-	-	-
	45-54	440	381	143	170	1,058	1,547	642	1,207	-	-	-	-
	55-64	558	616	130	263	2,398	3,530	1,121	2,328	-	-	-	-
	65-74	499	490	-	26	1,786	4,091	21	78	478	1,161	-	1
	75-84	73	77	-	-	504	986	-	12	1,359	3,751	15	17
	85+	38	84	-	-	121	425	-	-	856	5,807	1	25

¹ Distribution of membership for Care WI (GSR 6) is based off CCHP (GSR 6) as that is the only other FCP/PACE MCO in that geographic area. However, Care WI (GSR 6) has no projected membership for CY 2016 rates.

² Distribution of membership for iCare (GSR 12) is based off CareWI (GSR 12) as that is the only other FCP/PACE MCO in that geographic area.

Exhibit D1
Wisconsin Department of Health Services
CY 2016 Family Care 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 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Hospital Inpatient	\$12.80	\$13.04	\$15.79	\$17.03	\$22.22	\$17.03	\$18.14	\$12.93	\$15.79	\$16.57	\$14.93	\$14.59
Hospital Outpatient	48.87	55.34	63.10	66.85	78.51	64.98	69.93	56.88	63.10	65.63	59.77	63.40
Pharmacy	16.57	12.69	17.03	16.78	23.33	20.56	18.06	12.90	17.03	16.33	15.77	11.95
Dental	29.56	29.52	32.30	32.11	34.78	31.20	32.72	31.12	32.30	32.26	30.36	30.76
Other	47.05	51.47	53.72	60.63	66.56	61.93	62.99	51.44	53.72	56.31	51.00	54.10
Medicare Part B Deductible	13.17	13.17	13.17	13.17	13.17	13.17	13.17	13.17	13.17	13.17	13.17	13.17
Total Acute & Primary Services	\$168.03	\$175.22	\$195.11	\$206.58	\$238.57	\$208.87	\$215.01	\$178.43	\$195.11	\$200.26	\$185.01	\$187.97
Projected CY 2016 Member Months	733	2,329	-	12,318	5,497	399	407	7,092	1,437	1,932	1,537	1,913

Exhibit D2
Wisconsin Department of Health Services
CY 2016 Family Care 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 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
HCC Adjustment Factor	0.8983	0.9459	1.0396	1.0583	0.9812	1.0980	1.0583	1.0980	1.0396	0.8983	0.8983	0.9394
Hospital Inpatient	\$380.50	\$400.63	\$440.32	\$448.27	\$415.61	\$465.05	\$448.27	\$465.05	\$440.32	\$380.50	\$380.50	\$397.90
Hospital Outpatient	190.47	200.55	220.42	224.40	208.05	232.80	224.40	232.80	220.42	190.47	190.47	199.18
Pharmacy	812.32	855.30	940.03	957.01	887.27	992.84	957.01	992.84	940.03	812.32	812.32	849.48
Dental	30.83	32.46	35.68	36.32	33.68	37.68	36.32	37.68	35.68	30.83	30.83	32.24
Other	247.59	260.69	286.52	291.69	270.44	302.61	291.69	302.61	286.52	247.59	247.59	258.92
Medicare Part B Deductible	-	-	-	-	-	-	-	-	-	-	-	-
Total Acute & Primary Services	\$1,661.72	\$1,749.63	\$1,922.97	\$1,957.69	\$1,815.04	\$2,030.99	\$1,957.69	\$2,030.99	\$1,922.97	\$1,661.72	\$1,661.72	\$1,737.72
Projected CY 2016 Member Months	64	285	-	2,174	3,669	112	75	577	268	822	214	220

Exhibit D3
Wisconsin Department of Health Services
CY 2016 Family Care 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 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Hospital Inpatient	\$42.25	\$55.25	\$82.58	\$81.74	\$179.69	\$115.58	\$85.30	\$46.96	\$82.58	\$125.18	\$59.55	\$54.22
Hospital Outpatient	60.21	71.15	87.85	90.49	130.36	101.89	94.05	70.12	87.85	102.88	75.72	77.43
Pharmacy	80.28	104.45	162.24	157.85	369.15	234.42	164.65	86.66	162.24	253.89	112.98	98.53
Dental	29.66	29.84	32.83	32.74	34.34	32.63	33.28	31.61	32.83	31.84	30.42	30.91
Other	63.11	74.25	90.34	95.30	148.17	114.87	98.69	70.35	90.34	113.39	74.99	75.28
Medicare Part B Deductible	12.11	11.73	11.10	11.19	7.90	10.27	11.11	12.18	11.10	9.24	11.56	11.81
Total Acute & Primary Services	\$287.63	\$346.68	\$466.93	\$469.31	\$869.61	\$609.66	\$487.08	\$317.88	\$466.93	\$636.42	\$365.22	\$348.17
Projected CY 2016 Member Months	797	2,614	-	14,493	9,165	511	482	7,669	1,706	2,754	1,751	2,133

Exhibits E - G

Capitation Rate Development – Long Term Care Services

State of Wisconsin Department of Health Services

CY 2016 Capitation Final Rate Development for Family Care Partnership / PACE Program

December 14, 2015

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 2016 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 2016 Family Care Partnership / PACE Capitation Rate Development
Functional Screen Regression Model of 2013-2014 PMPM for Family Care Nursing Home Population
Developmentally Disabled

Variable	Family Care Statewide Estimate	p-Value	Incremental Partial R ²	R-Squared Proportion with Variable	Incremental Increase
Intercept (Grid Component)	-			100.00%	-
DD/NH Level of Care (Grid Component)					
Vent Dependent	6,889.96	<.0001	0.0019	0.05%	3.34
DD1A	280.87	<.0001	0.0002	3.00%	8.42
DD2	159.18	<.0001	0.0002	61.83%	98.42
Dual Enrollee	301.27	<.0001	0.0021	72.59%	218.68
Restrictive Measures	1,739.91	<.0001	0.0045	2.02%	35.18
High Cost (5 Parameters)	641.04	<.0001	0.0004	1.31%	8.40
Number of IADLs (Grid Component)					
IADL_1-3	162.56	<.0001	0.0033	20.24%	32.90
IADL_4	534.10	<.0001	0.0001	16.98%	90.69
IADL_5-6	940.83	<.0001	0.0021	62.71%	589.97
Specific ADLs / Equipment Used (Add-On)					
Eating_2	292.78	<.0001	0.0013	20.79%	60.87
Toileting_2	498.26	<.0001	0.0031	21.14%	105.34
Transfer_1-2	317.99	<.0001	0.0033	19.50%	62.00
Interaction Terms (Add-On)					
Dress_Bath_Equip	604.22	<.0001	0.0157	37.97%	229.42
Transfer_Equip_Mobility	805.11	<.0001	0.0039	4.98%	40.12
Mental Retardation_Bipolar	271.07	<.0001	0.0003	5.21%	14.12
Mental Retardation_Other Mental Illness	338.57	<.0001	0.0014	16.01%	54.21
Seizure Pre-22_Depression	242.57	<.0001	0.0003	5.49%	13.33
Other Federal DD_Bipolar	268.89	<.0001	0.0000	1.01%	2.71
Injury_Overnight	941.93	<.0001	0.0060	3.43%	32.28
Injury_Mental Illness_Age Under 30	1,742.85	<.0001	0.0016	0.48%	8.35
Behaviors_Autism	211.22	<.0001	0.0000	3.90%	8.23
Trauma BI Post-22_Depression	633.74	<.0001	0.0004	1.78%	11.30
Muscular_Mental Illness_Age 60 and Under	202.64	<.0001	0.0003	2.39%	4.83
Overnight_Age Under 30	263.93	<.0001	0.0003	4.77%	12.59
Overnight_Mental Illness	597.82	<.0001	0.0036	7.18%	42.93
Overnight_Mental Illness_Age Under 30	1,731.03	<.0001	0.0130	1.43%	24.78
Restrictive Measures_Autism	2,499.46	<.0001	0.0180	0.61%	15.17
Behavioral Variables (Add-On)					
Cognition_3	292.28	<.0001	0.0152	26.24%	76.70
Injury_1	398.13	<.0001	0.0010	5.82%	23.15
Injury_2	551.49	<.0001	0.0021	5.45%	30.07
Mental Health_2	290.74	<.0001	0.0182	51.37%	149.37
Offensive_1	469.88	<.0001	0.0051	10.57%	49.65
Offensive_2	1,072.74	<.0001	0.0160	10.24%	109.84
Offensive_3	2,038.18	<.0001	0.0546	8.92%	181.87
Alcohol Drug Abuse	122.74	<.0001	0.0002	3.50%	4.30
Wander_2	852.06	<.0001	0.0304	3.66%	31.22
Medication Use (Add-On)					
Meds_2B	587.58	<.0001	0.0727	64.95%	381.64
Health Related Services (Add-On)					
Exercise	223.63	<.0001	0.0084	12.92%	28.90
Ostomy	477.19	<.0001	0.0011	0.60%	2.85
Overnight	490.45	<.0001	0.1554	71.63%	351.32
Reposition	286.95	<.0001	0.0716	6.73%	19.32
Respirate	226.87	<.0001	0.0018	4.92%	11.16
Tracheostomy	1,718.27	<.0001	0.0022	0.21%	3.57
Tube Feedings	317.77	<.0001	0.0021	2.26%	7.20
Urinary	641.13	<.0001	0.0015	0.81%	5.19
Diagnoses (Add-On)					
Brain Injury Pre-22	133.95	<.0001	0.0022	5.52%	7.39
Mental Retardation	231.07	<.0001	0.0136	74.90%	173.06

Exhibit E2
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Functional Screen Regression Model of 2013-2014 PMPM for Family Care Nursing Home Population
Physically Disabled

Variable	Family Care Statewide		Incremental Partial R ²	R-Squared	Incremental Increase
	Estimate	p-Value		Proportion with Variable	
Intercept (Grid Component)	376.55			100.00%	376.55
DD/NH Level of Care (Grid Component)					
Vent Dependent	5,070.13	<.0001	0.0080	0.32%	16.40
SNF	482.02	<.0001	0.0082	25.56%	123.21
Number of IADLs (Grid Component)					
IADL_1-2	315.53	<.0001	0.0033	28.33%	89.40
IADL_3	523.78	<.0001	0.0015	17.97%	94.13
IADL_4	748.45	<.0001	0.0023	25.35%	189.70
IADL_5	881.85	<.0001	0.0012	20.40%	179.91
IADL_6	1,105.76	<.0001	0.0009	5.69%	62.97
Specific ADLs / Equipment Used (Add-On)					
Bathing_1	156.93	<.0001	0.0010	40.14%	63.00
Bathing_2	318.93	<.0001	0.0024	44.68%	142.51
Toileting_2	263.23	<.0001	0.0018	22.37%	58.89
Transfer_2	469.57	<.0001	0.0111	23.69%	111.26
Interaction Terms (Add-On)					
Dress_Bath_Equip	131.35	<.0001	0.0085	63.55%	83.48
Dress_Toilet	183.81	<.0001	0.0114	43.72%	80.37
Transfer_Equip_Mobility	488.95	<.0001	0.0084	6.98%	34.11
Trauma BI Post-22_Alcohol/Drug Abuse	237.01	<.0001	0.0001	0.94%	2.23
Trauma BI Post-22_Exercise	1,608.55	<.0001	0.0009	0.09%	1.45
Trauma BI Post-22_Other Mental Illness	510.53	<.0001	0.0008	0.78%	3.97
Disabled_Employment Assistance	71.05	<.0001	0.0006	27.16%	19.30
Overnight_Mental Illness	441.09	<.0001	0.0040	5.44%	23.99
Overnight_Age Under 30	315.24	<.0001	0.0003	0.54%	1.69
Mental Illness_3 or More Mental Disorders	151.56	<.0001	0.0003	10.66%	16.16
Injury_Overnight_Mental Illness	1,790.55	<.0001	0.0009	0.14%	2.48
Spinal Injury_Alcohol/Drug Abuse	622.43	<.0001	0.0007	0.43%	2.70
Behavioral Variables (Add-On)					
Cognition_2	163.06	<.0001	0.0013	15.80%	25.77
Mental Health_2	110.40	<.0001	0.0014	62.34%	68.82
Offensive_1	641.64	<.0001	0.0042	2.86%	18.32
Offensive_2	701.71	<.0001	0.0066	2.12%	14.91
Offensive_3	1,209.40	<.0001	0.0056	0.90%	10.92
Alcohol Drug Abuse	284.63	<.0001	0.0027	12.03%	34.23
Wander_2	126.89	<.0001	0.0025	1.29%	1.64
Medication Use (Add-On)					
Meds_2B	264.55	<.0001	0.0256	41.27%	109.19
Health Related Services (Add-On)					
Exercise	119.58	<.0001	0.0042	12.90%	15.43
Overnight	280.29	<.0001	0.0992	49.86%	139.75
Reposition	526.83	<.0001	0.1328	8.89%	46.85
Respirate	220.64	<.0001	0.0054	8.22%	18.14
Tracheostomy	3,745.99	<.0001	0.0300	0.58%	21.84
Ulcer Stage 2	313.73	<.0001	0.0011	1.67%	5.23
Ulcer Stage 3-4	591.89	<.0001	0.0033	1.44%	8.50
Urinary	353.46	<.0001	0.0060	2.13%	7.54
Diagnoses (Add-On)					
Alzheimers	129.19	<.0001	0.0538	17.01%	21.98

Exhibit E3
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Functional Screen Regression Model of 2013-2014 PMPM for Family Care Nursing Home Population
Frail Elderly

Variable	Family Care Statewide		Incremental Partial R ²	R-Squared	Incremental Increase
	Estimate	p-Value		Proportion with Variable	
Intercept (Grid Component)	413.94			100.00%	413.94
DD/NH Level of Care (Grid Component)					
Vent Dependent	343.06	0.0016	0.0000	0.07%	0.25
SNF	361.27	<.0001	0.0066	23.86%	86.20
Number of IADLs (Grid Component)					
IADL_1	160.27	<.0001	0.0001	4.26%	6.82
IADL_2-3	553.00	<.0001	0.0026	21.64%	119.65
IADL_4-5-6	943.26	<.0001	0.0086	73.44%	692.73
Specific ADLs / Equipment Used (Add-On)					
Bathing_1	197.60	<.0001	0.0018	28.14%	55.60
Bathing_2	351.10	<.0001	0.0038	62.20%	218.37
Toileting_1	246.29	<.0001	0.0072	24.85%	61.21
Toileting_2	508.31	<.0001	0.0058	30.79%	156.50
Transfer_2	408.90	<.0001	0.0269	27.50%	112.44
Interaction Terms (Add-On)					
Bath_Equip_Eat	80.90	<.0001	0.0119	37.60%	30.42
Transfer_Equip_Mobility	586.00	<.0001	0.0155	6.34%	37.15
Seizure Post-22_Schizophrenia	452.39	<.0001	0.0003	0.35%	1.60
Injury_Overnight	1,139.83	<.0001	0.0005	0.12%	1.37
Behavioral Variables (Add-On)					
Mental Health_2	133.38	<.0001	0.0025	52.02%	69.39
Offensive_1	297.63	<.0001	0.0019	2.66%	7.92
Offensive_2	211.60	<.0001	0.0033	2.90%	6.14
Offensive_3	114.57	<.0001	0.0010	1.24%	1.42
Alcohol Drug Abuse	269.19	<.0001	0.0005	3.41%	9.19
Wander_2	138.95	<.0001	0.0025	3.58%	4.97
Health Related Services (Add-On)					
Exercise	92.79	<.0001	0.0048	10.92%	10.14
Med Management	96.22	<.0001	0.0211	28.84%	27.75
Overnight	332.08	<.0001	0.0840	70.25%	233.29
Reposition	325.12	<.0001	0.0647	7.58%	24.64
Respirate	95.68	<.0001	0.0027	7.54%	7.21
Tube Feedings	592.50	<.0001	0.0017	0.40%	2.36
Ulcer Stage 2	312.47	<.0001	0.0014	1.12%	3.49
Diagnoses (Add-On)					
Alzheimers	204.63	<.0001	0.1016	49.08%	100.43
Mental Illness	220.53	<.0001	0.0044	10.43%	23.00

Exhibit F1
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
MCO/GSR Functional Screen Attribute Distribution for Family Care Partnership / PACE - June 2015 Enrollment
Developmentally Disabled

Variable	Statewide Estimate	CCHP -											
		Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Intercept (Grid Component)	-	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
DD/NH Level of Care (Grid Component)													
Vent Dependent	6,889.96	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DD1A	280.87	16.67%	11.49%	7.23%	2.04%	1.61%	0.00%	2.04%	2.38%	7.23%	0.00%	0.00%	0.00%
DD2	159.18	44.44%	46.50%	39.75%	29.59%	71.89%	83.33%	29.59%	57.14%	39.75%	40.00%	62.00%	57.95%
Dual Enrollee	301.27	77.78%	80.31%	79.51%	70.41%	53.00%	50.00%	70.41%	86.90%	79.51%	53.75%	72.44%	79.58%
Restrictive Measures	1,739.91	0.00%	6.56%	7.23%	0.00%	2.41%	0.00%	0.00%	0.00%	7.23%	10.00%	3.44%	2.55%
High Cost (5 Parameters)	641.04	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.25%	0.00%	0.00%
Number of IADLs (Grid Component)													
IADL_1-3	162.56	11.11%	14.77%	18.07%	23.47%	24.09%	0.00%	23.47%	30.95%	18.07%	8.75%	24.11%	18.30%
IADL_4	534.10	22.22%	8.21%	28.91%	32.65%	20.88%	33.33%	32.65%	9.52%	28.91%	13.75%	24.11%	15.32%
IADL_5-6	940.83	66.67%	77.02%	53.02%	43.88%	55.03%	66.67%	43.88%	59.52%	53.02%	77.50%	51.77%	66.38%
Specific ADLs / Equipment Used (Add-On)													
Eating_2	292.78	33.33%	53.50%	25.30%	11.22%	9.64%	0.00%	11.22%	8.33%	25.30%	21.25%	20.67%	12.76%
Toileting_2	498.26	38.89%	58.43%	14.46%	19.39%	16.06%	0.00%	19.39%	14.46%	22.50%	13.89%	30.64%	40.85%
Transfer_1-2	317.99	61.11%	64.99%	18.07%	45.92%	14.45%	0.00%	45.92%	26.19%	18.07%	16.25%	17.33%	40.85%
Interaction Terms (Add-On)													
Dress_Bath_Equip	604.22	66.67%	68.82%	45.79%	68.37%	21.68%	16.67%	68.37%	69.05%	45.79%	33.75%	48.33%	63.06%
Transfer_Equip_Mobility	805.11	11.11%	30.53%	3.61%	6.12%	1.61%	0.00%	6.12%	3.57%	3.61%	2.50%	13.78%	10.21%
Mental Retardation_Bipolar	271.07	11.11%	8.21%	10.84%	1.02%	4.82%	0.00%	1.02%	9.52%	10.84%	12.50%	10.33%	17.87%
Mental Retardation_Other Mental Illness	338.57	11.11%	19.04%	18.07%	6.12%	15.69%	16.67%	6.12%	7.14%	18.07%	28.75%	0.00%	22.21%
Seizure Pre-22_Depression	242.57	5.56%	8.21%	3.61%	11.22%	4.82%	16.67%	11.22%	7.14%	3.61%	3.75%	3.44%	5.11%
Other Federal DD_Bipolar	268.89	5.56%	4.92%	7.23%	5.10%	0.80%	0.00%	5.10%	2.38%	7.23%	2.50%	3.44%	0.00%
Injury_Overnight	941.93	0.00%	3.28%	7.23%	0.00%	0.00%	0.00%	0.00%	0.00%	7.23%	18.75%	3.44%	0.00%
Injury_Mental Illness_Age Under 30	1,742.85	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.55%
Behaviors_Autism	211.22	5.56%	8.21%	3.61%	0.00%	0.00%	0.00%	0.00%	0.00%	3.61%	13.75%	10.33%	2.55%
Trauma BI Post-22_Depression	633.74	5.56%	4.92%	2.41%	9.18%	1.61%	0.00%	9.18%	13.10%	2.41%	2.50%	10.45%	8.85%
Muscular_Mental Illness_Age 60 and Under	202.64	5.56%	5.91%	0.00%	8.16%	3.21%	0.00%	8.16%	2.38%	0.00%	6.25%	3.44%	10.21%
Overnight_Age Under 30	263.93	5.56%	6.56%	18.07%	5.10%	5.62%	0.00%	5.10%	0.00%	18.07%	12.50%	6.89%	0.00%
Overnight_Mental Illness	597.82	11.11%	22.98%	14.46%	6.12%	6.42%	16.67%	6.12%	22.62%	14.46%	22.50%	3.44%	12.76%
Overnight_Mental Illness_Age Under 30	1,731.03	5.56%	3.28%	7.23%	0.00%	0.80%	0.00%	0.00%	0.00%	7.23%	5.00%	0.00%	0.00%
Restrictive Measures_Autism	2,499.46	0.00%	1.64%	0.00%	0.00%	0.80%	0.00%	0.00%	0.00%	0.00%	3.75%	3.44%	0.00%
Behavioral Variables (Add-On)													
Cognition_3	292.28	38.89%	56.79%	14.46%	6.12%	27.30%	16.67%	6.12%	15.48%	14.46%	43.75%	27.56%	17.87%
Injury_1	398.13	0.00%	6.56%	3.61%	3.06%	6.42%	16.67%	3.06%	0.00%	3.61%	1.25%	3.44%	2.55%
Injury_2	551.49	5.56%	2.63%	3.61%	3.06%	4.02%	0.00%	3.06%	0.00%	3.61%	7.50%	3.44%	7.66%
Mental Health_2	290.74	72.22%	63.35%	74.70%	73.47%	45.39%	66.67%	73.47%	67.86%	74.70%	70.00%	55.22%	74.47%
Offensive_1	469.88	16.67%	6.56%	3.61%	3.06%	11.24%	0.00%	3.06%	2.38%	3.61%	10.00%	6.89%	5.11%
Offensive_2	1,072.74	16.67%	13.13%	10.84%	3.06%	2.41%	0.00%	3.06%	4.76%	10.84%	15.00%	10.33%	2.55%
Offensive_3	2,038.18	11.11%	11.49%	21.68%	2.04%	0.00%	0.00%	2.04%	3.57%	21.68%	32.50%	10.33%	2.55%
Alcohol Drug Abuse	122.74	11.11%	6.56%	9.64%	21.43%	6.42%	16.67%	21.43%	16.67%	9.64%	7.50%	6.89%	5.11%
Wander_2	852.06	5.56%	9.85%	7.23%	2.04%	1.61%	16.67%	2.04%	0.00%	7.23%	8.75%	3.44%	2.55%
Medication Use (Add-On)													
Meds_2B	587.58	66.67%	80.31%	60.25%	58.16%	53.80%	83.33%	58.16%	80.95%	60.25%	83.75%	75.89%	84.68%
Health Related Services (Add-On)													
Exercise	223.63	38.89%	43.66%	3.61%	30.61%	2.41%	0.00%	30.61%	5.95%	3.61%	5.00%	10.45%	7.66%
Ostomy	477.19	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.25%	0.00%	0.00%
Overnight	490.45	94.44%	81.95%	56.63%	67.35%	56.64%	83.33%	67.35%	78.57%	56.63%	80.00%	72.44%	78.38%
Reposition	286.95	11.11%	33.81%	7.23%	8.16%	4.02%	0.00%	8.16%	5.95%	7.23%	5.00%	13.89%	12.76%
Respirate	226.87	0.00%	8.21%	0.00%	7.14%	2.41%	0.00%	7.14%	1.19%	0.00%	3.75%	3.44%	2.55%
Tracheostomy	1,718.27	0.00%	0.00%	0.00%	0.00%	0.80%	0.00%	0.00%	0.00%	0.00%	1.25%	0.00%	0.00%
Tube Feedings	317.77	5.56%	14.77%	3.61%	0.00%	1.61%	0.00%	0.00%	1.19%	3.61%	2.50%	6.89%	0.00%
Urinary	641.13	11.11%	0.00%	3.61%	1.02%	0.00%	0.00%	1.02%	3.57%	3.61%	1.25%	0.00%	0.00%
Diagnoses (Add-On)													
Brain Injury Pre-22	133.95	11.11%	8.21%	7.23%	14.29%	6.42%	0.00%	14.29%	11.90%	7.23%	3.75%	3.44%	2.55%
Mental Retardation	231.07	50.00%	77.02%	54.21%	30.61%	63.06%	83.33%	30.61%	54.76%	54.21%	81.25%	55.12%	73.27%
Developmentally Disabled Base Composite	\$3,701.59	\$4,517.33	\$5,246.30	\$3,882.40	\$3,087.08	\$2,620.25	\$2,948.01	\$3,087.08	\$3,385.77	\$3,882.40	\$4,921.97	\$3,609.30	\$3,801.45

Exhibit F2
 Wisconsin Department of Health Services
 CY 2016 Family Care Partnership / PACE Capitation Rate Development
 MCO/GSR Functional Screen Attribute Distribution for Family Care Partnership / PACE - June 2015 Enrollment
 Physically Disabled

Variable	Statewide Estimate	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Intercept (Grid Component)	376.55	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
DD/NH Level of Care (Grid Component)													
Vent Dependent	5,070.13	5.29%	0.00%	0.00%	0.15%	0.52%	5.34%	0.15%	0.00%	0.00%	0.00%	1.99%	0.00%
SNF	482.02	25.93%	36.89%	39.18%	21.36%	11.40%	16.02%	21.36%	25.23%	39.18%	27.83%	34.39%	31.74%
Number of IADLs (Grid Component)													
IADL_1-2	315.53	31.75%	20.71%	20.44%	27.78%	39.10%	21.36%	27.78%	18.66%	20.44%	18.89%	26.44%	21.16%
IADL_3	523.78	0.00%	16.08%	23.17%	21.84%	25.36%	29.54%	21.84%	19.07%	23.17%	23.86%	15.90%	27.20%
IADL_4	748.45	31.75%	26.66%	21.41%	24.09%	14.45%	21.36%	24.09%	21.99%	21.41%	20.87%	29.82%	27.61%
IADL_5	881.85	30.16%	24.85%	16.24%	19.27%	15.13%	22.42%	19.27%	30.25%	16.24%	19.25%	19.88%	14.61%
IADL_6	1,105.76	6.35%	10.23%	18.74%	6.43%	5.26%	0.00%	6.43%	9.22%	18.74%	15.14%	5.96%	7.91%
Specific ADLs / Equipment Used (Add-On)													
Bathing_1	156.93	31.75%	44.11%	54.00%	46.59%	50.08%	42.71%	46.59%	53.14%	54.00%	53.05%	46.32%	54.31%
Bathing_2	318.93	68.25%	51.51%	25.55%	48.70%	34.93%	49.12%	48.70%	42.39%	25.55%	38.00%	43.74%	38.13%
Toileting_2	263.23	41.80%	31.04%	20.44%	23.71%	11.55%	17.08%	23.71%	21.49%	20.44%	22.10%	19.88%	23.02%
Transfer_2	469.57	43.39%	31.04%	28.28%	25.32%	12.42%	22.42%	25.32%	21.73%	28.28%	20.48%	21.87%	24.53%
Interaction Terms (Add-On)													
Dress_Bath_Equip	131.35	78.84%	73.44%	58.89%	73.99%	58.20%	59.80%	73.99%	71.45%	58.89%	62.85%	65.61%	70.27%
Dress_Toilet	183.81	84.13%	43.61%	57.92%	27.61%	38.44%	57.92%	44.68%	43.61%	43.61%	46.32%	43.74%	53.15%
Transfer_Equip_Mobility	488.95	21.16%	8.77%	8.52%	8.56%	3.48%	17.08%	8.56%	7.80%	8.52%	5.96%	7.95%	6.05%
Trauma BI Post-22_Alcohol/Drug Abuse	237.01	0.00%	1.46%	0.00%	1.04%	1.04%	0.00%	1.04%	0.41%	0.00%	3.98%	0.00%	1.51%
Trauma BI Post-22_Exercise	1,608.55	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Trauma BI Post-22_Other Mental Illness	510.53	0.00%	1.46%	0.00%	0.30%	0.35%	5.34%	0.30%	0.41%	0.00%	2.98%	1.99%	0.00%
Disabled_Employment Assistance	71.05	31.22%	36.55%	41.11%	42.32%	39.19%	48.05%	42.32%	5.68%	41.11%	38.37%	33.80%	34.67%
Overnight_Mental Illness	441.09	10.58%	8.77%	3.41%	7.08%	2.09%	1.07%	7.08%	16.06%	3.41%	13.15%	0.00%	8.92%
Overnight_Age Under 30	315.24	0.00%	0.00%	0.00%	0.59%	0.35%	0.00%	0.59%	0.00%	0.00%	0.00%	1.99%	0.00%
Mental Illness_3 or More Mental Disorders	151.56	5.29%	11.70%	20.44%	14.41%	11.03%	14.59%	14.41%	13.94%	20.44%	6.96%	15.90%	13.60%
Injury_Overnight_Mental Illness	1,790.55	0.00%	1.46%	0.00%	0.00%	0.00%	0.00%	0.00%	0.55%	0.00%	0.00%	0.00%	0.00%
Spinal Injury_Alcohol/Drug Abuse	622.43	0.00%	0.00%	0.00%	1.04%	0.52%	0.00%	1.04%	0.00%	0.00%	0.00%	0.00%	0.00%
Behavioral Variables (Add-On)													
Cognition_2	163.06	24.87%	30.70%	18.74%	12.79%	10.49%	11.75%	12.79%	23.18%	18.74%	19.88%	19.88%	12.44%
Mental Health_2	110.40	84.13%	72.22%	84.67%	76.15%	50.86%	78.64%	76.15%	74.47%	84.67%	67.20%	72.17%	78.84%
Offensive_1	641.64	1.06%	2.92%	1.70%	2.67%	1.57%	0.00%	2.67%	3.65%	1.70%	0.00%	1.99%	0.00%
Offensive_2	701.71	3.70%	2.92%	3.41%	1.74%	0.35%	0.00%	1.74%	2.99%	3.41%	4.97%	3.98%	1.51%
Offensive_3	1,209.40	0.00%	2.92%	0.00%	0.45%	0.00%	0.00%	0.45%	0.41%	0.00%	2.98%	5.96%	1.51%
Alcohol Drug Abuse	284.63	38.10%	32.16%	15.33%	23.21%	14.97%	5.34%	23.21%	18.77%	15.33%	23.86%	11.93%	16.12%
Wander_2	126.89	5.29%	1.46%	0.00%	1.19%	0.56%	0.00%	1.19%	0.00%	0.00%	1.99%	3.98%	1.51%
Medication Use (Add-On)													
Meds_2B	264.55	47.09%	47.12%	66.61%	34.16%	21.40%	17.08%	34.16%	62.27%	66.61%	53.28%	53.68%	55.77%
Health Related Services (Add-On)													
Exercise	119.58	62.96%	36.89%	9.48%	31.34%	3.13%	11.75%	31.34%	9.63%	9.48%	7.95%	9.94%	4.53%
Overnight	280.29	89.42%	70.51%	58.21%	60.21%	24.98%	43.78%	60.21%	59.03%	58.21%	67.20%	55.67%	66.34%
Reposition	526.83	21.16%	17.54%	11.93%	11.61%	4.35%	11.75%	11.61%	11.93%	11.93%	12.52%	15.90%	6.05%
Respirate	220.64	15.87%	9.11%	4.37%	10.13%	2.79%	0.00%	10.13%	11.18%	4.37%	4.97%	9.94%	4.53%
Tracheostomy	3,745.99	5.29%	0.00%	0.00%	0.89%	0.35%	0.00%	0.89%	0.00%	0.00%	0.99%	1.99%	0.00%
Ulcer Stage 2	313.73	5.29%	4.39%	3.41%	2.29%	1.22%	5.34%	2.29%	2.03%	3.41%	0.00%	0.00%	6.05%
Ulcer Stage 3-4	591.89	5.29%	4.39%	1.70%	2.23%	1.22%	0.00%	2.23%	3.25%	1.70%	1.99%	3.98%	1.51%
Urinary	353.46	0.00%	1.46%	5.11%	3.63%	0.87%	0.00%	3.63%	0.81%	5.11%	0.99%	3.98%	0.00%
Diagnoses (Add-On)													
Alzheimers	129.19	24.87%	16.08%	17.04%	8.59%	5.44%	1.07%	8.59%	29.10%	17.04%	18.89%	19.88%	30.57%
Physically Disabled Base Composite	\$2,353.88	\$3,620.12	\$2,887.35	\$2,575.71	\$2,526.18	\$1,821.97	\$2,382.20	\$2,526.18	\$2,608.53	\$2,575.71	\$2,605.47	\$2,728.78	\$2,484.19

Exhibit F3
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
MCO/GSR Functional Screen Attribute Distribution for Family Care Partnership / PACE - June 2015 Enrollment
Frail Elderly

Variable	Statewide Estimate	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Intercept (Grid Component)	413.94	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
DD/NH Level of Care (Grid Component)													
Vent Dependent	343.06	0.00%	0.00%	0.00%	0.26%	0.00%	0.00%	0.26%	0.00%	0.00%	0.00%	0.00%	0.00%
SNF	361.27	35.73%	30.47%	19.62%	23.44%	21.29%	40.00%	23.44%	24.29%	19.62%	22.50%	24.45%	22.95%
Number of IADLs (Grid Component)													
IADL_1	160.27	1.04%	1.39%	2.56%	4.36%	19.23%	10.00%	4.36%	1.20%	2.56%	0.00%	6.11%	4.92%
IADL_2-3	553.00	31.22%	11.08%	28.15%	23.25%	35.33%	40.00%	23.25%	19.00%	28.15%	22.50%	28.53%	24.59%
IADL_4-5-6	943.26	67.74%	87.53%	69.29%	72.13%	45.42%	50.00%	72.13%	79.80%	69.29%	77.50%	63.32%	70.49%
Specific ADLs / Equipment Used (Add-On)													
Bathing_1	197.60	25.32%	20.78%	54.77%	35.49%	46.31%	50.00%	35.49%	32.51%	54.77%	32.50%	40.76%	42.62%
Bathing_2	351.10	74.68%	75.07%	32.43%	61.15%	18.34%	40.00%	61.15%	61.08%	32.43%	62.50%	36.82%	49.18%
Toileting_1	246.29	32.26%	26.73%	28.15%	36.42%	11.78%	0.00%	36.42%	25.81%	28.15%	27.50%	36.82%	27.87%
Toileting_2	508.31	57.35%	46.95%	15.36%	34.30%	15.40%	40.00%	34.30%	33.50%	15.36%	35.00%	24.45%	31.15%
Transfer_2	408.90	41.62%	37.40%	23.04%	29.91%	8.83%	40.00%	29.91%	30.09%	23.04%	25.00%	24.45%	31.15%
Interaction Terms (Add-On)													
Bath_Equip_Eat	80.90	53.87%	46.22%	28.15%	41.96%	18.34%	30.00%	41.96%	37.78%	28.15%	22.50%	28.53%	37.70%
Transfer_Equip_Mobility	586.00	3.47%	12.47%	5.12%	7.07%	2.94%	10.00%	7.07%	8.08%	5.12%	5.00%	6.11%	14.75%
Seizure Post-22_Schizophrenia	452.39	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Injury Overnight	1,139.83	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.64%
Behavioral Variables (Add-On)													
Mental Health_2	133.38	46.93%	61.36%	70.82%	63.67%	34.44%	60.00%	63.67%	48.66%	70.82%	30.00%	53.13%	45.90%
Offensive_1	297.63	0.00%	2.77%	7.68%	3.22%	0.00%	0.00%	3.22%	1.20%	7.68%	0.00%	2.04%	1.64%
Offensive_2	211.60	17.34%	11.08%	0.00%	2.91%	4.51%	0.00%	2.91%	2.39%	0.00%	5.00%	2.04%	1.64%
Offensive_3	114.57	3.47%	0.00%	2.56%	1.03%	0.00%	0.00%	1.03%	3.38%	2.56%	0.00%	0.00%	0.00%
Alcohol Drug Abuse	269.19	6.94%	13.85%	2.56%	6.33%	3.53%	0.00%	6.33%	2.69%	2.56%	5.00%	0.00%	3.28%
Wander_2	138.95	6.94%	5.54%	1.71%	4.22%	6.57%	0.00%	4.22%	2.99%	1.71%	5.00%	4.08%	0.00%
Health Related Services (Add-On)													
Exercise	92.79	67.75%	44.69%	0.00%	32.49%	2.94%	30.00%	32.49%	8.38%	0.00%	17.50%	2.04%	3.28%
Med Management	96.22	27.75%	22.16%	15.36%	28.26%	28.55%	20.00%	28.26%	29.01%	15.36%	27.50%	34.64%	22.95%
Overnight	332.08	93.06%	84.35%	73.38%	78.88%	39.53%	50.00%	78.88%	81.90%	73.38%	75.00%	65.36%	72.13%
Reposition	325.12	6.94%	10.07%	7.68%	9.11%	2.94%	40.00%	9.11%	13.04%	7.68%	15.00%	4.08%	8.20%
Respirate	95.68	13.87%	10.20%	7.68%	8.02%	2.94%	10.00%	8.02%	8.76%	7.68%	17.50%	14.27%	3.28%
Tube Feedings	592.50	0.00%	0.00%	0.00%	0.77%	0.00%	0.00%	0.77%	0.00%	0.00%	5.00%	0.00%	0.00%
Ulcer Stage 2	312.47	7.98%	1.39%	0.00%	1.75%	0.00%	0.00%	1.75%	0.90%	0.00%	2.50%	0.00%	3.28%
Diagnoses (Add-On)													
Alzheimers	204.63	50.40%	68.38%	59.05%	45.24%	30.70%	60.00%	45.24%	61.81%	59.05%	65.00%	63.32%	59.02%
Mental Illness	220.53	3.47%	9.70%	7.68%	14.46%	5.89%	0.00%	14.46%	14.07%	7.68%	12.50%	2.04%	9.84%
Frail Elderly Base Composite	\$2,646.27	\$2,975.31	\$2,995.20	\$2,372.69	\$2,677.84	\$1,800.71	\$2,511.84	\$2,677.84	\$2,682.54	\$2,372.69	\$2,655.99	\$2,350.96	\$2,578.06

Exhibit G1
 Wisconsin Department of Health Services
 CY 2016 Family Care Partnership / PACE Capitation Rate Development
 Development of Service Portion of LTC Rate

DD Development	2016 Projected Exposure Months	MCO/GSR Specific Base Rate Development				Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	Projection to CY 2016				Projected Per Capita Monthly Costs
		Regression Results		MCO/GSR Specific Risk Adjusted Rate	2016 DD Adjustment Factors			One-Year Acuity	Wage Index			
		Statewide DD Base Costs	Risk Score - June 2015 Screens		Two-Year Utilization Trend					Two-Year Unit Cost Trend		
Care WI (GSR 3)	221	\$3,476.30	1.2995	\$4,517.33	\$106.60	\$4,623.93	0.9950	1.0050	1.0130	0.9917	\$4,645.12	
Care WI (GSR 5)	816	3,476.30	1.5092	5,246.30	106.60	5,352.90	0.9950	1.0050	1.0130	1.0070	5,460.59	
Care WI (GSR 6)	-	3,476.30	1.1168	3,882.40	106.60	3,989.00	0.9950	1.0050	1.0130	1.0042	4,057.99	
Care WI (GSR 12)	1,201	3,476.30	0.8880	3,087.08	106.60	3,193.67	0.9950	1.0050	1.0130	1.0434	3,375.57	
iCare (GSR 8)	1,566	3,476.30	0.7537	2,620.25	106.60	2,726.85	0.9950	1.0050	1.0130	1.0042	2,774.01	
iCare (GSR 11)	81	3,476.30	0.8480	2,948.01	106.60	3,054.61	0.9950	1.0050	1.0130	1.0340	3,199.60	
iCare (GSR 12)	28	3,476.30	0.8880	3,087.08	106.60	3,193.67	0.9950	1.0050	1.0130	1.0434	3,375.57	
CCHP - PACE (GSR 8+)	479	3,476.30	0.9740	3,385.77	106.60	3,492.36	0.9950	1.0050	1.0130	1.0042	3,552.77	
CCHP (GSR 6)	382	3,476.30	1.1168	3,882.40	106.60	3,989.00	0.9950	1.0050	1.0130	1.0042	4,057.99	
CCHP (GSR 8)	955	3,476.30	1.4159	4,921.97	106.60	5,028.57	0.9950	1.0050	1.0130	1.0042	5,115.55	
CCHP (GSR 10)	415	3,476.30	1.0383	3,609.30	106.60	3,715.90	0.9950	1.0050	1.0130	0.9869	3,715.00	
CCHP (GSR 11)	512	3,476.30	1.0935	3,801.45	106.60	3,908.05	0.9950	1.0050	1.0130	1.0340	4,093.55	
Total DD Cohort	6,655	\$3,476.30	1.0660	\$3,705.69	\$106.60	\$3,812.29	0.9950	1.0050	1.0130	1.0119	\$3,907.63	

PD Development	2016 Projected Exposure Months	MCO/GSR Specific Base Rate Development				Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	Projection to CY 2016				Projected Per Capita Monthly Costs
		2014 FC Regression Results		MCO/GSR Specific Risk Adjusted Rate	2016 PD Adjustment Factors			One-Year Acuity	Wage Index			
		Statewide PD Base Costs	Risk Score - June 2015 Screens		Two-Year Utilization Trend					Two-Year Unit Cost Trend		
Care WI (GSR 3)	221	\$2,348.90	1.5412	\$3,620.12	\$106.60	\$3,726.72	0.9960	1.0140	0.9890	0.9917	\$3,691.73	
Care WI (GSR 5)	880	2,348.90	1.2292	2,887.35	106.60	2,993.94	0.9960	1.0140	0.9890	1.0070	3,011.71	
Care WI (GSR 6)	-	2,348.90	1.0966	2,575.71	106.60	2,682.31	0.9960	1.0140	0.9890	1.0042	2,690.76	
Care WI (GSR 12)	8,395	2,348.90	1.0755	2,526.18	106.60	2,632.78	0.9960	1.0140	0.9890	1.0434	2,744.03	
iCare (GSR 8)	7,101	2,348.90	0.7757	1,821.97	106.60	1,928.57	0.9960	1.0140	0.9890	1.0042	1,934.64	
iCare (GSR 11)	297	2,348.90	1.0142	2,382.20	106.60	2,488.80	0.9960	1.0140	0.9890	1.0340	2,570.68	
iCare (GSR 12)	310	2,348.90	1.0755	2,526.18	106.60	2,632.78	0.9960	1.0140	0.9890	1.0434	2,744.03	
CCHP - PACE (GSR 8+)	3,100	2,348.90	1.1105	2,608.53	106.60	2,715.13	0.9960	1.0140	0.9890	1.0042	2,723.69	
CCHP (GSR 6)	790	2,348.90	1.0966	2,575.71	106.60	2,682.31	0.9960	1.0140	0.9890	1.0042	2,690.76	
CCHP (GSR 8)	1,317	2,348.90	1.1092	2,605.47	106.60	2,712.07	0.9960	1.0140	0.9890	1.0042	2,720.62	
CCHP (GSR 10)	657	2,348.90	1.1617	2,728.78	106.60	2,835.38	0.9960	1.0140	0.9890	0.9869	2,795.27	
CCHP (GSR 11)	851	2,348.90	1.0576	2,484.19	106.60	2,590.79	0.9960	1.0140	0.9890	1.0340	2,676.03	
Total PD Cohort	23,948	\$2,348.90	1.0046	\$2,359.61	\$106.60	\$2,466.21	0.9960	1.0140	0.9890	1.0204	\$2,513.69	

Exhibit G1
 Wisconsin Department of Health Services
 CY 2016 Family Care Partnership / PACE Capitation Rate Development
 Development of Service Portion of LTC Rate

FE Development	MCO/GSR Specific Base Rate Development						Projection to CY 2016				
	2016 Projected Exposure Months	2014 FC Regression Results		MCO/GSR Specific Risk Adjusted Rate	Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	2016 FE Adjustment Factors				Projected Per Capita Monthly Costs
		Statewide FE Base Costs	Risk Score - June 2015 Screens				Two-Year Utilization Trend	Two-Year Unit Cost Trend	One-Year Acuity Trend	Wage Index	
Care WI (GSR 3)	356	\$2,525.60	1.1781	\$2,975.31	\$106.60	\$3,081.90	1.0179	1.0201	1.0030	0.9917	\$3,183.06
Care WI (GSR 5)	917	2,525.60	1.1859	2,995.20	106.60	3,101.80	1.0179	1.0201	1.0030	1.0070	3,253.15
Care WI (GSR 6)	-	2,525.60	0.9395	2,372.69	106.60	2,479.29	1.0179	1.0201	1.0030	1.0042	2,593.07
Care WI (GSR 12)	4,897	2,525.60	1.0603	2,677.84	106.60	2,784.43	1.0179	1.0201	1.0030	1.0434	3,025.75
iCare (GSR 8)	499	2,525.60	0.7130	1,800.71	106.60	1,907.31	1.0179	1.0201	1.0030	1.0042	1,994.84
iCare (GSR 11)	134	2,525.60	0.9946	2,511.84	106.60	2,618.44	1.0179	1.0201	1.0030	1.0340	2,819.83
iCare (GSR 12)	145	2,525.60	1.0603	2,677.84	106.60	2,784.43	1.0179	1.0201	1.0030	1.0434	3,025.75
CCHP - PACE (GSR 8+)	4,090	2,525.60	1.0621	2,682.54	106.60	2,789.14	1.0179	1.0201	1.0030	1.0042	2,917.15
CCHP (GSR 6)	534	2,525.60	0.9395	2,372.69	106.60	2,479.29	1.0179	1.0201	1.0030	1.0042	2,593.07
CCHP (GSR 8)	483	2,525.60	1.0516	2,655.99	106.60	2,762.59	1.0179	1.0201	1.0030	1.0042	2,889.37
CCHP (GSR 10)	680	2,525.60	0.9309	2,350.96	106.60	2,457.56	1.0179	1.0201	1.0030	0.9869	2,526.03
CCHP (GSR 11)	740	2,525.60	1.0208	2,578.06	106.60	2,684.66	1.0179	1.0201	1.0030	1.0340	2,891.14
Total FE Cohort	13,472	\$2,525.60	1.0452	\$2,639.76	\$106.60	\$2,746.36	1.0179	1.0201	1.0030	1.0200	\$2,917.57

Composite Development	MCO/GSR Specific Base Rate Development						Projection to CY 2016				
	2016 Projected Exposure Months	2014 FC Regression Results		MCO/GSR Specific Risk Adjusted Rate	Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	2016 Composite Adjustment Factors				Projected Per Capita Monthly Costs
		Statewide Composite Base Costs	Risk Score - June 2015 Screens				Two-Year Utilization Trend	Two-Year Unit Cost Trend	One-Year Acuity Trend	Wage Index	
Care WI (GSR 3)	797	\$2,739.84	1.3069	\$3,580.60	\$106.60	\$3,687.20	1.0038	1.0132	1.0025	0.9917	\$3,728.54
Care WI (GSR 5)	2,614	2,763.03	1.3254	3,662.01	106.60	3,768.61	1.0019	1.0118	1.0036	1.0070	3,861.32
Care WI (GSR 6)	-	2,656.43	1.0557	2,804.45	106.60	2,911.04	1.0016	1.0129	1.0001	1.0042	2,966.02
Care WI (GSR 12)	14,493	2,502.02	1.0487	2,623.90	106.60	2,730.49	1.0035	1.0153	0.9962	1.0434	2,891.55
iCare (GSR 8)	9,165	2,551.17	0.7672	1,957.23	106.60	2,063.83	0.9969	1.0123	0.9951	1.0042	2,081.36
iCare (GSR 11)	511	2,573.41	0.9736	2,505.59	106.60	2,612.19	1.0016	1.0140	0.9971	1.0340	2,735.32
iCare (GSR 12)	482	2,466.57	1.0557	2,603.84	106.60	2,710.44	1.0027	1.0153	0.9950	1.0434	2,864.75
CCHP - PACE (GSR 8+)	7,669	2,513.60	1.0728	2,696.58	106.60	2,803.18	1.0076	1.0166	0.9984	1.0042	2,878.68
CCHP (GSR 6)	1,706	2,656.43	1.0557	2,804.45	106.60	2,911.04	1.0016	1.0129	1.0001	1.0042	2,966.02
CCHP (GSR 8)	2,754	2,770.72	1.2334	3,417.43	106.60	3,524.03	0.9985	1.0104	1.0027	1.0042	3,580.49
CCHP (GSR 10)	1,751	2,684.60	1.0395	2,790.75	106.60	2,897.35	1.0029	1.0133	1.0009	0.9869	2,908.68
CCHP (GSR 11)	2,133	2,680.62	1.0567	2,832.72	106.60	2,939.32	1.0026	1.0131	1.0011	1.0340	3,090.67
Overall Total	44,075	\$2,573.14	1.0293	\$2,648.49	\$106.60	\$2,755.09	1.0025	1.0140	0.9983	1.0185	\$2,847.62

Exhibit G2
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Development of Service Portion of LTC Rate

DD Development	Application of HCRP			Policy Adjustments New LTC Benefits	Policy Adjusted CY 2016 LTC Projected Service Costs	Market Variability Adjustment	Draft CY 2016 LTC Projected Service Costs
	Projected Per Capita Monthly Costs	HCRP Charge From Family Care Base Period	Projected Per Capita Monthly LTC Costs w/ HCRP				
Care WI (GSR 3)	\$4,645.12	\$24.73	\$4,669.85	\$0.67	\$4,670.52	0.9929	\$4,637.42
Care WI (GSR 5)	5,460.59	24.73	5,485.33	0.67	5,486.00	0.9932	5,448.52
Care WI (GSR 6)	4,057.99	24.73	4,082.73	0.67	4,083.40	0.9942	4,059.77
Care WI (GSR 12)	3,375.57	24.73	3,400.31	0.67	3,400.98	0.9919	3,373.31
iCare (GSR 8)	2,774.01	24.73	2,798.75	0.67	2,799.42	0.9931	2,780.20
iCare (GSR 11)	3,199.60	24.73	3,224.34	0.67	3,225.01	0.9938	3,204.96
iCare (GSR 12)	3,375.57	24.73	3,400.31	0.67	3,400.98	0.9940	3,380.66
CCHP - PACE (GSR 8+)	3,552.77	24.73	3,577.51	0.67	3,578.18	1.0829	3,874.73
CCHP (GSR 6)	4,057.99	24.73	4,082.73	0.67	4,083.40	1.0304	4,207.37
CCHP (GSR 8)	5,115.55	24.73	5,140.28	0.67	5,140.95	1.0289	5,289.36
CCHP (GSR 10)	3,715.00	24.73	3,739.73	0.67	3,740.40	1.0330	3,863.74
CCHP (GSR 11)	4,093.55	24.73	4,118.29	0.67	4,118.96	1.0317	4,249.54
Total DD Cohort	\$3,907.63	\$24.73	\$3,932.37	\$0.67	\$3,933.04	1.0132	\$3,984.99

PD Development	Application of HCRP			Policy Adjustments New LTC Benefits	Policy Adjusted CY 2016 LTC Projected Service Costs	Market Variability Adjustment ¹	Draft CY 2016 LTC Projected Service Costs
	Projected Per Capita Monthly Costs	HCRP Charge From Family Care Base Period	Projected Per Capita Monthly LTC Costs w/ HCRP				
Care WI (GSR 3)	\$3,691.73	\$3.52	\$3,695.26	\$0.67	\$3,695.93	0.9924	\$3,667.70
Care WI (GSR 5)	3,011.71	3.52	3,015.23	0.67	3,015.90	0.9917	2,990.78
Care WI (GSR 6)	2,690.76	3.52	2,694.28	0.67	2,694.95	0.9938	2,678.27
Care WI (GSR 12)	2,744.03	3.52	2,747.56	0.67	2,748.23	0.9911	2,723.83
iCare (GSR 8)	1,934.64	3.52	1,938.17	0.67	1,938.84	0.9923	1,923.92
iCare (GSR 11)	2,570.68	3.52	2,574.21	0.67	2,574.88	0.9935	2,558.08
iCare (GSR 12)	2,744.03	3.52	2,747.56	0.67	2,748.23	0.9938	2,731.18
CCHP - PACE (GSR 8+)	2,723.69	3.52	2,727.21	0.67	2,727.88	1.1103	3,028.68
CCHP (GSR 6)	2,690.76	3.52	2,694.28	0.67	2,694.95	1.0486	2,825.87
CCHP (GSR 8)	2,720.62	3.52	2,724.14	0.67	2,724.81	1.0589	2,885.29
CCHP (GSR 10)	2,795.27	3.52	2,798.80	0.67	2,799.47	1.0457	2,927.51
CCHP (GSR 11)	2,676.03	3.52	2,679.55	0.67	2,680.22	1.0514	2,818.00
Total PD Cohort	\$2,513.69	\$3.52	\$2,517.22	\$0.67	\$2,517.89	1.0183	\$2,563.96

Exhibit G2
Wisconsin Department of Health Services
CY 2016 Family Care Partnership / PACE Capitation Rate Development
Development of Service Portion of LTC Rate

FE Development	Application of HCRP			Policy Adjustments New LTC Benefits	Policy Adjusted CY 2016 LTC Projected Service Costs	Market Variability Adjustment ¹	Draft CY 2016 LTC Projected Service Costs
	Projected Per Capita Monthly Costs	HCRP Charge From Family Care Base Period	Projected Per Capita Monthly LTC Costs w/ HCRP				
Care WI (GSR 3)	\$3,183.06	\$0.00	\$3,183.06	\$0.67	\$3,183.73	0.9919	\$3,158.06
Care WI (GSR 5)	3,253.15	-	3,253.15	0.67	3,253.82	0.9919	3,227.51
Care WI (GSR 6)	2,593.07	-	2,593.07	0.67	2,593.74	0.9938	2,577.56
Care WI (GSR 12)	3,025.75	-	3,025.75	0.67	3,026.42	0.9915	3,000.63
iCare (GSR 8)	1,994.84	-	1,994.84	0.67	1,995.51	0.9924	1,980.31
iCare (GSR 11)	2,819.83	-	2,819.83	0.67	2,820.50	0.9936	2,802.48
iCare (GSR 12)	3,025.75	-	3,025.75	0.67	3,026.42	0.9939	3,007.98
CCHP - PACE (GSR 8+)	2,917.15	-	2,917.15	0.67	2,917.82	1.1028	3,217.67
CCHP (GSR 6)	2,593.07	-	2,593.07	0.67	2,593.74	1.0507	2,725.16
CCHP (GSR 8)	2,889.37	-	2,889.37	0.67	2,890.04	1.0552	3,049.70
CCHP (GSR 10)	2,526.03	-	2,526.03	0.67	2,526.70	1.0512	2,656.11
CCHP (GSR 11)	2,891.14	-	2,891.14	0.67	2,891.81	1.0473	3,028.53
Total FE Cohort	\$2,917.57	\$0.00	\$2,917.57	\$0.67	\$2,918.24	1.0354	\$3,021.46

Composite Development	Application of HCRP			Policy Adjustments New LTC Benefits	Policy Adjusted CY 2016 LTC Projected Service Costs	Market Variability Adjustment ¹	Draft CY 2016 LTC Projected Service Costs
	Projected Per Capita Monthly Costs	HCRP Charge From Family Care Base Period	Projected Per Capita Monthly LTC Costs w/ HCRP				
Care WI (GSR 3)	\$3,728.54	\$7.82	\$3,736.36	\$0.67	\$3,737.03	0.9924	\$3,708.59
Care WI (GSR 5)	3,861.32	8.91	3,870.23	0.67	3,870.90	0.9924	3,841.50
Care WI (GSR 6)	2,966.02	7.17	2,973.19	0.67	2,973.86	0.9939	2,955.78
Care WI (GSR 12)	2,891.55	4.09	2,895.64	0.67	2,896.31	0.9913	2,871.17
iCare (GSR 8)	2,081.36	6.96	2,088.31	0.67	2,088.98	0.9925	2,073.32
iCare (GSR 11)	2,735.32	5.96	2,741.27	0.67	2,741.94	0.9936	2,724.31
iCare (GSR 12)	2,864.75	3.68	2,868.44	0.67	2,869.11	0.9938	2,851.45
CCHP - PACE (GSR 8+)	2,878.68	2.97	2,881.65	0.67	2,882.32	1.1041	3,182.35
CCHP (GSR 6)	2,966.02	7.17	2,973.19	0.67	2,973.86	1.0436	3,103.38
CCHP (GSR 8)	3,580.49	10.26	3,590.75	0.67	3,591.42	1.0435	3,747.57
CCHP (GSR 10)	2,908.68	7.18	2,915.86	0.67	2,916.53	1.0437	3,043.99
CCHP (GSR 11)	3,090.67	7.39	3,098.06	0.67	3,098.73	1.0438	3,234.41
Overall Total	\$2,847.62	\$5.65	\$2,853.27	\$0.67	\$2,853.94	1.0226	\$2,918.37

¹ Market Variability adjustment shown here is to allow the PACE rate to fall just below the 2016 Fee-for-Service Equivalent, and is not intended to account for specific market variability as described in the report.

Exhibits H - I

Capitation Rate Development – Final Capitation Rates

State of Wisconsin Department of Health Services

CY 2016 Capitation Final Rate Development for Family Care Partnership / PACE Program

December 14, 2015

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 2016 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 2016 Family Care Partnership / PACE Capitation Rate Development
Development of Non-Service Portion of Rates, MCE, and Final Capitation Rates

Base Cohort Development	2016 Projected Exposure Months	Projected LTC MCE Service Costs	Draft LTC CY 2016 Service Costs	Projected A&P Service Costs	Projected MCE Service Costs ¹	Draft CY 2016 Service Costs	Draft MCE Administrative Allowance ²	Implied Administrative Percentage	Targeted Margin	Targeted Margin PMPM	MCE Rates	Final CY 2016 Capitation Rate	Final CY 2016 Capitation Rate Less HCRP
Care WI (GSR 3)	797	\$3,736.36	\$3,708.59	\$287.63	\$4,023.98	\$3,996.22	\$174.44	4.1%	0.5%	\$20.96	\$4,198.42	\$4,191.61	\$4,183.79
Care WI (GSR 5)	2,614	3,870.23	3,841.50	346.68	4,216.91	4,188.18	174.44	4.0%	0.5%	21.92	4,391.35	4,384.54	4,375.63
Care WI (GSR 6)	-	2,973.19	2,955.78	466.93	3,440.12	3,422.71	174.44	4.8%	0.5%	18.08	3,614.56	3,615.23	3,608.06
Care WI (GSR 12)	14,493	2,895.64	2,871.17	469.31	3,364.95	3,340.48	174.44	4.9%	0.5%	17.66	3,539.38	3,532.58	3,528.49
iCare (GSR 8)	9,165	2,088.31	2,073.32	869.61	2,957.92	2,942.93	174.44	5.5%	0.5%	15.67	3,132.36	3,133.03	3,126.07
iCare (GSR 11)	511	2,741.27	2,724.31	609.66	3,350.94	3,333.98	174.44	4.9%	0.5%	17.63	3,525.37	3,526.04	3,520.09
iCare (GSR 12)	482	2,868.44	2,851.45	487.08	3,355.52	3,338.53	174.44	4.9%	0.5%	17.65	3,529.95	3,530.62	3,526.94
CCHP - PACE (GSR 8+)	7,669	2,881.65	3,182.35	317.88	3,199.53	3,500.23	174.44	5.1%	0.5%	18.47	3,373.96	3,693.13	3,690.16
CCHP (GSR 6)	1,706	2,973.19	3,103.38	466.93	3,440.12	3,570.31	174.44	4.8%	0.5%	18.82	3,614.56	3,763.56	3,756.40
CCHP (GSR 8)	2,754	3,590.75	3,747.57	636.42	4,227.17	4,383.99	174.44	3.9%	0.5%	22.91	4,401.60	4,581.33	4,571.07
CCHP (GSR 10)	1,751	2,915.86	3,043.99	365.22	3,281.08	3,409.21	174.44	5.0%	0.5%	18.01	3,455.52	3,601.66	3,594.47
CCHP (GSR 11)	2,133	3,098.06	3,234.41	348.17	3,446.22	3,582.58	174.44	4.8%	0.5%	18.88	3,620.66	3,775.90	3,768.51
Overall Total	44,075	\$2,853.27	\$2,918.37	\$517.82	\$3,371.09	\$3,436.19	\$174.44	4.9%	0.5%	\$18.14	\$3,545.53	\$3,628.77	\$3,623.12

¹ The 'projected MCE Service Costs' represents the service portion of the MCE rate.

² The 'draft MCE administrative allowance' represents the non-service portion of the MCE rate.

Exhibit I
 Wisconsin Department of Health Services
 CY 2016 Family Care Partnership / PACE Capitation Rate Development
 Monthly and Daily Rates

MCO / GSR	2016 Projected Exposure Months				Monthly Rates						Daily Rates					
	DD	PD	FE	Total	Net LTC Distribution	A&P Distribution	Admin / Margin Distribution	HCRP Rate	Total Rate	Total Rate Net of HCRP	Net LTC Distribution	A&P Distribution	Admin / Margin Distribution	HCRP Rate	Total Rate	Total Rate Net of HCRP
Care WI (GSR 3)	221	221	356	797	\$3,700.77	\$287.63	\$195.39	\$7.82	\$4,191.61	\$4,183.79	\$121.3368	\$9.4303	\$6.4064	\$0.2564	\$137.4299	\$137.1735
Care WI (GSR 5)	816	880	917	2,614	3,832.59	346.68	196.36	8.91	4,384.54	4,375.63	125.6587	11.3665	6.4380	0.2922	143.7555	\$143.4633
Care WI (GSR 6)	-	-	-	-	2,948.62	466.93	192.51	7.17	3,615.23	3,608.06	96.6760	15.3092	6.3119	0.2349	118.5320	\$118.2971
Care WI (GSR 12)	1,201	8,395	4,897	14,493	2,867.08	469.31	192.10	4.09	3,532.58	3,528.49	94.0025	15.3872	6.2983	0.1341	115.8222	\$115.6881
iCare (GSR 8)	1,566	7,101	499	9,165	2,066.36	869.61	190.10	6.96	3,133.03	3,126.07	67.7495	28.5118	6.2328	0.2281	102.7222	\$102.4941
iCare (GSR 11)	81	297	134	511	2,718.36	609.66	192.07	5.96	3,526.04	3,520.09	89.1265	19.9889	6.2973	0.1953	115.6079	\$115.4127
iCare (GSR 12)	28	310	145	482	2,847.77	487.08	192.09	3.68	3,530.62	3,526.94	93.3695	15.9699	6.2980	0.1208	115.7582	\$115.6374
CCHP - PACE (GSR 8+)	479	3,100	4,090	7,669	3,179.38	317.88	192.90	2.97	3,693.13	3,690.16	104.2420	10.4222	6.3247	0.0974	121.0863	\$120.9889
CCHP (GSR 6)	382	790	534	1,706	3,096.21	466.93	193.25	7.17	3,763.56	3,756.40	101.5152	15.3092	6.3362	0.2349	123.3956	\$123.1606
CCHP (GSR 8)	955	1,317	483	2,754	3,737.31	636.42	197.34	10.26	4,581.33	4,571.07	122.5347	20.8662	6.4703	0.3364	150.2076	\$149.8712
CCHP (GSR 10)	415	657	680	1,751	3,036.81	365.22	192.44	7.18	3,601.66	3,594.47	99.5675	11.9745	6.3097	0.2355	118.0871	\$117.8516
CCHP (GSR 11)	512	881	740	2,133	3,227.03	348.17	193.32	7.39	3,775.90	3,768.51	105.8041	11.4153	6.3382	0.2423	123.7999	\$123.5577

Exhibit J

Actuarial Certification

State of Wisconsin Department of Health Services
CY 2016 Capitation Final Rate Development for Family Care Partnership / PACE Program

December 14, 2015

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 2016 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.



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December 14, 2015

**Wisconsin Department of Health Services
Capitated Contracts Ratesetting
Actuarial Certification
January 2016 – December 2016 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 January 2016 – December 2016 for filing with the Centers for Medicare and Medicaid Services (CMS). I reviewed the attached capitation rate development and am familiar with the Code of Federal Regulations, 42 CFR 438.6(c) and the CMS "Appendix A, PAHP, PIHP, and MCO Contracts Financial Review Documentation for At-risk Capitated Contracts Ratesetting."

I examined the actuarial assumptions and actuarial methods used in setting the capitation rates for January 2016 – December 2016. To the best of my information, knowledge, and belief, for the period from January 2016 – December 2016, the capitation rates offered by DHS are in compliance with 42 CFR 438.6(c). The attached actuarial report describes the capitation rate setting methodology.

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.

A handwritten signature in black ink that reads "Michael Cook". The signature is written in a cursive style and is positioned above a horizontal line.

Michael C. Cook
Member, American Academy of Actuaries

December 14, 2015

Scott Walker
Governor

Kitty Rhoades
Secretary



State of Wisconsin
Department of Health Services

DIVISION OF LONG TERM CARE

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December 11, 2015

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 2016 Family Care, Family Care PACE / Partnership, and Care4Kids Capitation Rates

Dear Michael:

I, Dave Varana, hereby affirm that the listings and summaries prepared and submitted to Milliman, Inc. for the development of the CY 2016 Family Care, Family Care PACE / Partnership, and Care4Kids (C4K) 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 year (CY) 2014 for the Family Care and Family Care Partnership / PACE programs.
2. Fee-for-service, Waitlist, and Waiver data files containing claims information on detailed service category, geographic indicators, and demographic indicators for CY 2014 for the Family Care program.
3. Long Term Care Functional Screen (LTCFS) data extracts through June 2015 for the Family Care and Family Care Partnership / PACE programs.
4. Data files containing enrollment information on capitated plan assignment, program and target group, geographic indicators, and demographic indicators for CY 2014 through YTD 2015 for the Family Care and Family Care Partnership / PACE programs.
5. A list of members who qualify for restrictive measures as well as the list of qualifying restrictive measures for the Family Care and Family Care Partnership / PACE programs.
6. Data files containing claims and enrollment information for the acute and primary portion of the Family Care Partnership / PACE program.
7. Data files containing estimated monthly enrollment for CY 2016 in total and by health plan, geographic indicator, and target group for the Family Care and Family Care Partnership / PACE programs.
8. Data dictionary files for the encounter, enrollment, and LTCFS files for the Family Care and Family Care Partnership / PACE programs.
9. FFS claims and enrollment information for CY 2011 – 2013 for foster care populations comparable to those enrolled in the C4K program.
10. Data dictionary files for the FFS claims and enrollment information for the C4K program.
11. CY 2014 financials for health plans participating in the Family Care and Family Care Partnership / PACE programs.
12. CY 2014, 2015, and estimated 2016 financials for the C4K program.
13. An administrative cost model for CY 2016 non-service costs to be applied to the Family Care and Family Care Partnership / PACE programs.
14. A text file containing code used in the CY 2015 development of the Family Care and Family Care

Partnership / PACE rate and regression model development for use in the Statistical Analysis System (SAS) program as a starting point for the CY 2016 rate development.

15. A data file containing lists of allowed and dis-allowed services under managed care for the Family Care and Family Care Partnership / PACE programs.
16. A list of allowed and dis-allowed services under the C4K program.
17. Information and direction regarding the implementation of the High Cost Risk pool for the Family Care and Family Care Partnership / PACE programs.
18. Information and direction regarding the market variability adjustment for the Family Care and Family Care Partnership / PACE programs.
19. Information and direction regarding the goals of the PACE rate development for the Family Care Partnership / PACE program.
20. A summary of the 2014 through 2016 legislative changes impacting CY 2016 contracts for each of the programs for the Family Care, Family Care Partnership / PACE, and C4K programs.
21. Results of analyses performed by DHS regarding the fiscal impact of legislative changes for the Family Care, Family Care Partnership / PACE, and C4K programs.
22. Any other items provided to Milliman to support the 2016 rate development not mentioned above for the Family Care, Family Care Partnership / PACE, and C4K 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.



Name

12.11.15

Date

Exhibits K - M

CMS Documentation

State of Wisconsin Department of Health Services
CY 2016 Capitation Final Rate Development for Family Care Partnership / PACE Program

December 14, 2015

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 2016 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 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. In addition, we believe the information in this document also adequately addresses the April 8, 2002 PACE rate checklist. We address the PACE UPL checklist at the end of this document.

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

The CY 2016 managed care organization (MCO) capitation rates are developed using 2014 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 - IV 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 2016 capitation rates is included as Appendix J of this report. The CY 2016 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

Exhibit B includes a projection of total expenditures and Federal-only expenditures based on actual Projected CY 2016 MCO enrollment and CY 2016 capitation rates. We used a 58.27% 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 2016 rates documented in this report are the initial capitation rates for the CY 2016 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 2016 Family Care capitation rates include a targeted margin of 0.5% for risk, profit, and contribution to reserves. We believe that this margin is appropriate given the low service trend rates and 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 / PACE programs do 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 2016 rates documented in this report are the initial capitation rates for the CY 2016 Wisconsin Medicaid LTC managed care contracts and does not contain any retroactive adjustments.

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

The CY 2016 rate methodology relies on CY 2014 MCO encounter data as the primary data source. Only State Plan and waiver services that are covered under the Wisconsin Family Care Partnership / PACE contracts or are shown to be cost-effective “in-lieu-of services” have been included in the rate development.

Please refer to the Non-Covered Services portion of Sections III and IV of this report for more details.

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

The CY 2016 capitation rate development methodology relies on base data that includes only those eligible and currently enrolled in the Wisconsin Family Care Partnership / PACE programs and do not include experience for individuals not enrolled in managed care.

AA.2.2 – Data Sources

The CY 2016 capitation rates are developed using Wisconsin Medicaid long term care (LTC) MCO encounter, eligibility, and functional screen data for CY 2014 for the MCO eligible population as the primary data source.

Please refer to Sections III-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 Sections III - 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. Step 5 in Section III outlines a benefit change implemented between the base period year and the contract period.

EXHIBIT K

RATE SETTING CHECKLIST

AA.3.2 – Administrative Cost Allowance Calculations

The MCO capitation rates include explicit administrative allowances by rate cell. Please see Step 6 in Sections III and IV of the report for more details regarding the administrative cost calculation.

AA.3.3 – Special Populations' Adjustments

The 2016 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 / PACE program populations.

AA.3.4 – Eligibility Adjustments

The base MCO encounter data only reflects experience for time periods where members were enrolled in a Family Care Partnership MCO.

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 / PACE programs do 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 2014 to CY 2016 were developed by rate category and type of service for Family Care Partnership / PACE eligible services and individuals using historical MCO encounter data from January 2011 to December 2014 and actuarial judgment.

The trend rates and inflation factors represent the expected change in per capita cost between CY 2014 and CY 2016, net of acuity changes.

EXHIBIT K

RATE SETTING CHECKLIST

Please see Sections III and IV and Exhibit R for more details on the trend development.

AA.3.12 – Utilization Adjustments

Utilization trend is included in AA.3.11.

AA.3.13 – Utilization and Cost Assumptions

The CY 2016 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 net of patient liability. Encounter payment amounts are net of patient liability, so no adjustment to the data is necessary for this adjustment.

AA.3.15 – Incomplete Data Adjustment

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

We also apply an adjustment to true up care management expenditures to financial statements due to the difficulty in properly and completely collecting this information in the encounter data reporting format. Please refer to Sections III and IV of this report for more information on the development of these adjustment factors.

AA.3.16 – Primary Care Rate Enhancement

The CY 2016 capitation rates only include Long-Term Care services.

AA.3.17 – Health Homes

Not Applicable.

AA.4.0 – Establish Rate Category Groupings

Please refer to Sections III and 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.

EXHIBIT K

RATE SETTING CHECKLIST

AA.4.3 – Gender

Gender is not used for rate category groupings.

AA.4.4 – Locality / Region

Geographic regions are defined in Step 1 of Section III and Appendix A.

AA.4.5 – Risk Adjustments

Acuity adjustment models are described in Step 2 of Section III (NH eligible) and Step 3 of Section IV (Non NH eligible).

AA.5.0 – Data Smoothing

While we did not perform any explicit data smoothing, the High Cost Risk Pool (HCRP) is being 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 CY 2016 capitation rates use an actuarially sound risk adjustment model based on a functional screen (NH level of care) or ADL / IADL (Non NH level of care) to adjust the rates for each participating MCO. Please see Sections III and IV of this report.

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

Effective January 1, 2016, DHS is implementing a High Cost Risk Pool (HCRP) for the Developmentally Disabled and Physically Disabled populations. The HCRP will not be implemented for the Frail Elderly population due to the low probability of reaching the cost threshold. 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 of \$24.73 PMPM for the Developmentally Disabled population and \$3.52 PMPM for the Physically Disabled population 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 2016 costs greater than \$225,000 reimbursed depending on whether actual CY 2016 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.

EXHIBIT K

RATE SETTING CHECKLIST

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

DHS will provide a one-time incentive payment to the MCO for each MCO member who is relocated from an institution into a community setting consistent with federal Money Follows the Person (MFP) guidelines.

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

DHS has not implemented incentive payments related to EHRs for the CY 2016 contract period.

EXHIBIT K

RATE SETTING CHECKLIST

PACE UPL CHECKLIST

1.0 – Development of the UPL

For the CY 2016 PACE capitation rates, DHS is inflating an already approved UPL. Please see Section VI of this report for more details.

1.1 – Dual Eligibles

Concerning individuals dually eligible for Medicare and Medicaid, only those eligible for full Medicaid benefits are included in the UPL calculation.

1.2 – PACE Premiums

There are not premiums for members covered under PACE in this report.

2.0 – Data Sources

Not applicable since DHS is inflating an already approved UPL.

2.1 – Eligibility Categories

Not applicable since DHS is inflating an already approved UPL.

2.2 – Eligibility Determination

Not applicable since DHS is inflating an already approved UPL.

2.3 – Service Category Definitions

Not applicable since DHS is inflating an already approved UPL.

2.4 – Based Only Upon Services Covered Under the State Plan

Not applicable since DHS is inflating an already approved UPL.

2.5 – Populations Included in UPL Calculation

Not applicable since DHS is inflating an already approved UPL.

2.6 – Documentation of Residency / Site of Service

Not applicable since DHS is inflating an already approved UPL.

2.7 – Establish Rate Category Groupings

Not applicable since DHS is inflating an already approved UPL.

2.8 – Review of Base Data Source

Not applicable since DHS is inflating an already approved UPL.

EXHIBIT K

RATE SETTING CHECKLIST

3.0 – Claims Completion Factor Derivation

Not applicable since DHS is inflating an already approved UPL.

4.0 – Adjusted Base Period Data

Not applicable since DHS is inflating an already approved UPL.

5.0 – Cost Trending

Not applicable since DHS is inflating an already approved UPL.

6.0 – Smoothing the Data for Predictability

Not applicable since DHS is inflating an already approved UPL.

7.0 – UPL Updates

To the best of our knowledge, the original UPL was set in a manner that was approvable. All known program changes and price increases in the fee-for-service program have been appropriately accounted for in this updated UPL.

There have been no known structural changes in the program between 2015 and 2016 that required an adjustment in the UPL calculation.

EXHIBIT L

RESPONSE TO DRAFT 2016 MANAGED CARE RATE DEVELOPMENT GUIDE (JUNE 2015)

I. MEDICAID MANAGED CARE RATES

1. General Information

- A. The rate certification included herein is for the January 2016 – December 2016 contract period. The previous certification was for January 2015 – December 2015 contract period.
- B. 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, and IV 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.
- C. We detail within our responses in this guide the section of our report where each item described in the 2016 Medicaid Managed Care Rate Development Guide can be found.
 - D. The rate certification and attached report include the following items required by CMS:
 - i. Our actuarial certification letter signed by Michael Cook, FSA, MAAA certifies that the final capitation rates meet the standards in 42 CFR §438.6. The certification can be found in Exhibit J.
 - ii. The final and certified capitation rates for all rate cells and regions can be find in Exhibit I.
 - iii. Rate ranges are not certified. Therefore, this requirement does not apply.
 - iv. The items requested can be found in Sections I and II of this report.

2. Data

- A. Our report does include a thorough description of the data used
 - i. A detailed description of the data can be found in Sections III and IV of this report.
 - ii. Sections III and IV of this report include comments on the availability and quality of the data used for rate development.
 - iii. The rate development methodology uses current MCO encounter data.
 - iv. The rate development methodology uses current MCO encounter data.
 - v. The rate development methodology does not use a data book.
- B. The rate certification and attached report thoroughly describe any significant 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. Please refer to Sections III-IV of this report for the methodology and assumptions used to project contract period benefit costs.
- B. Sections III and IV of this report include a discussion on the methodology used to develop benefit cost trends.
- C. Sections III and IV of this report include a discussion on the treatment of in-lieu-of services and their inclusion / exclusion from the capitation rate development.

EXHIBIT L

RESPONSE TO DRAFT 2016 MANAGED CARE RATE DEVELOPMENT GUIDE (JUNE 2015)

- D. Sections III and IV of this report includes information regarding the accounting for the retrospective eligibility periods.
- E. 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.
- F. Please refer to Sections III-IV of this report for the methodology and assumptions used to project contract period benefit costs. We are not aware of any benefit cost changes since the last certification.
- G. Please refer to Sections III-IV of this report for the methodology and assumptions used to project contract period benefit costs. We are not aware of any benefit cost changes since the last certification.

4. Pass-Through Payments

- A. The CY 2016 capitation rate methodology does not include any pass-through payments.
- B. The CY 2016 capitation rate methodology does not include any pass-through payments.
- C. The CY 2016 capitation rate methodology does not include supplemental payments.

5. Projected non-benefit costs

- A. Please refer to Sections III-IV of this report for a description of the development of the projected non-benefit costs included in the capitation rates.
- B. Please refer to Sections III-IV of this report for a description of the development of the projected non-benefit costs included in the capitation rates.
- C. The non-benefit costs included in the CY 2016 capitation rates are developed as a per member per month for common categories of administrative expenses.
- D. 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. Rate range development

- A. There is only one rate cell for each rate cell. We developed a best estimate rate and did not develop a rate range.
- B. There is only one rate cell for each rate cell. We developed a best estimate rate and did not develop a rate range.

7. Risk mitigation, incentives and related contractual provisions

- A. The risk adjustment process is detailed in Sections III and IV of the report. The risk adjustment process is actuarially sound and budget neutral to the state.
- B. The risk adjustment process is detailed in Sections III and IV of the report. The risk adjustment process is actuarially sound and budget neutral to the state.
- C. The CY 2016 capitation rate methodology includes a risk-sharing model in the form of a High Cost Risk Pool to account for the health status of the population. However, the High Cost Risk Pool is budget neutral to the state.

EXHIBIT L

RESPONSE TO DRAFT 2016 MANAGED CARE RATE DEVELOPMENT GUIDE (JUNE 2015)

- D. The High Cost Risk Pool is described in Sections I, III and IV of this report.
- E. The contract does not have a medical loss ratio requirements.
- F. The contract does not contain any reinsurance requirements associated with the rate certification.
- G. The contract does not contain any incentives or withhold amounts between the state and the health plans.

8. Other rate development considerations

- A. All services and populations covered under the Family Care program are subject to the same Federal Medical Assistance Percentage (FMAP).
- B. We believe that the rate certification submission provided in Exhibit J and supporting documentation adequately demonstrate that the rates were developed using generally accepted actuarial practices and principles.

9. Procedures for Rate Certifications for Rate and Contract Amendments

The CY 2016 rates documented in this report are the initial capitation rates for the CY 2016 Wisconsin Medicaid LTC managed care contracts.

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

1. Managed Long-Term Services and Supports

- A. The Wisconsin Family Care Partnership / PACE programs cover both Long-Term Care and acute care services. Therefore, the information included in this rate certification and report addresses both types of services.
- B. The Wisconsin Family Care Partnership / PACE program capitation rates are a blend of the various target groups eligible for the program which aligns with the 2013 guidance around MLTSS programs. Details behind the target group assignment is included in Sections III and IV of this report.
- C. The Wisconsin Family Care Partnership / PACE programs cover both Long-Term Care and acute care services. Therefore, the projected non-benefit costs in this rate certification and report represent both types of services.
- D. The Wisconsin Family Care Partnership / PACE capitation rates presented in this report are based entirely on historical MCO encounter data.

III. NEW ADULT GROUP CAPITATION RATES

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

EXHIBIT L

RESPONSE TO DRAFT 2016 PACE RATE SETTING GUIDANCE (OCTOBER 2015)

Our report develops one PACE rate for one MCO, CCHP. The majority of the documentation of the final rate can be found in the VI. Other Rate Considerations – Fee-for-Service Equivalent Costs (PACE) section

1. Development of the amount that would have otherwise been paid and the required documentation.

- a. Our report includes an identification of the amount that would have otherwise been paid in section VI.
 - i. A detailed description of the supporting PMPM costs can be found in Section VI of this report.
 - ii. Demonstration of the basis for rate categories applied:
 1. A single PMPM rate category was used to project amounts that would have otherwise been paid.
 2. Rate category variation descriptions can be found in Section VI of this report.
 3. Rate cells do not cross-subsidize payments in other rate cells.
- b. Our report identifies the future effective date for the projected amounts that would have otherwise been paid in Section VI.
 - i. The amount that would have otherwise been paid was established prospectively and is described in Section VI of our report.
 - ii. The future effective date would be January 2016 to December 2016 – a 12 month period.
- c. Our report describes how the state determined the amount that would have otherwise been paid under the state plan in Section VI of our report.
 - i. The base period data used is described in Section VI of our report.
 1. The cost and utilization data used is reflective of the population consistent with the frailty and age of PACE participants as described in Section VI of our report.
 2. Legacy Wavier FFS experience was used as the base period data, detailed in Section VI of our report.
 3. The state does not have access to more recent, comparable data to utilize for the rate otherwise paid under the state plan. The most recent data available is for CY 2010. The data limitations with more recent data can be found in Section VI of our report.
 4. As described in c.i.3. above and in Section IV of our report, we were not able to rebase the amount otherwise paid.
 - ii. Description of the data, assumptions, and methodologies used to develop adjustments to the amount that would have otherwise been paid is described in Section VI of our report.
 1. Completion factors – not necessary given time period of base data.
 2. Adjustments applied – none applied, not necessary.
 3. Smoothing with aggregate target – none applied, not necessary.
 4. Trend factors – trend applied is described in Section IV of our report.
 5. Non-benefit costs included – no additional costs applied, base FFSE rate is inclusive of applicable non-benefit costs.

2. Development of the PACE rates and required documentation.

- a. Demonstration of the PACE rate methodology is consistent with the rate description in the state plan, and is covered throughout the entirety of the Family Care Partnership / PACE CY 2016 report, but particularly in Sections III through VI of our report.

EXHIBIT L

RESPONSE TO DRAFT 2016 PACE RATE SETTING GUIDANCE (OCTOBER 2015)

- b. Identification of the proposed PACE rate by category is detailed in Section VI of our report.
 - i. The amount of the PACE capitated rate is a prospective PMPM payment as found in Section VI of our report.
 - ii. The rate category is the same as those used for amounts that would have otherwise been paid as described in section 1.a.ii. above.
- c. Our report identifies the future effective date for the PACE rate in Section VI.
 - i. The amount of the PACE rate was established prospectively and is described in Section VI of our report.
 - ii. The future effective date is January 2016 to December 2016 – a 12 month period.
- d. Additional documentation can be found in Section VI of our report.
 - i. A comparison of the PACE rate to the amount that would have otherwise been paid can be found in Table 12 of Section VI of our report.
 - ii. Documentation of a one-time relocation incentive payment is described in Section VI of our report.
 - iii. Projected member months for the rate cell can be found in Exhibit G of our report.

3. Actuarial Certification.

Actuarial certification for the Family Care PACE rate is not provided as part of this rate package.

Exhibit M
Wisconsin Department of Health Services
Family Care Trend Development

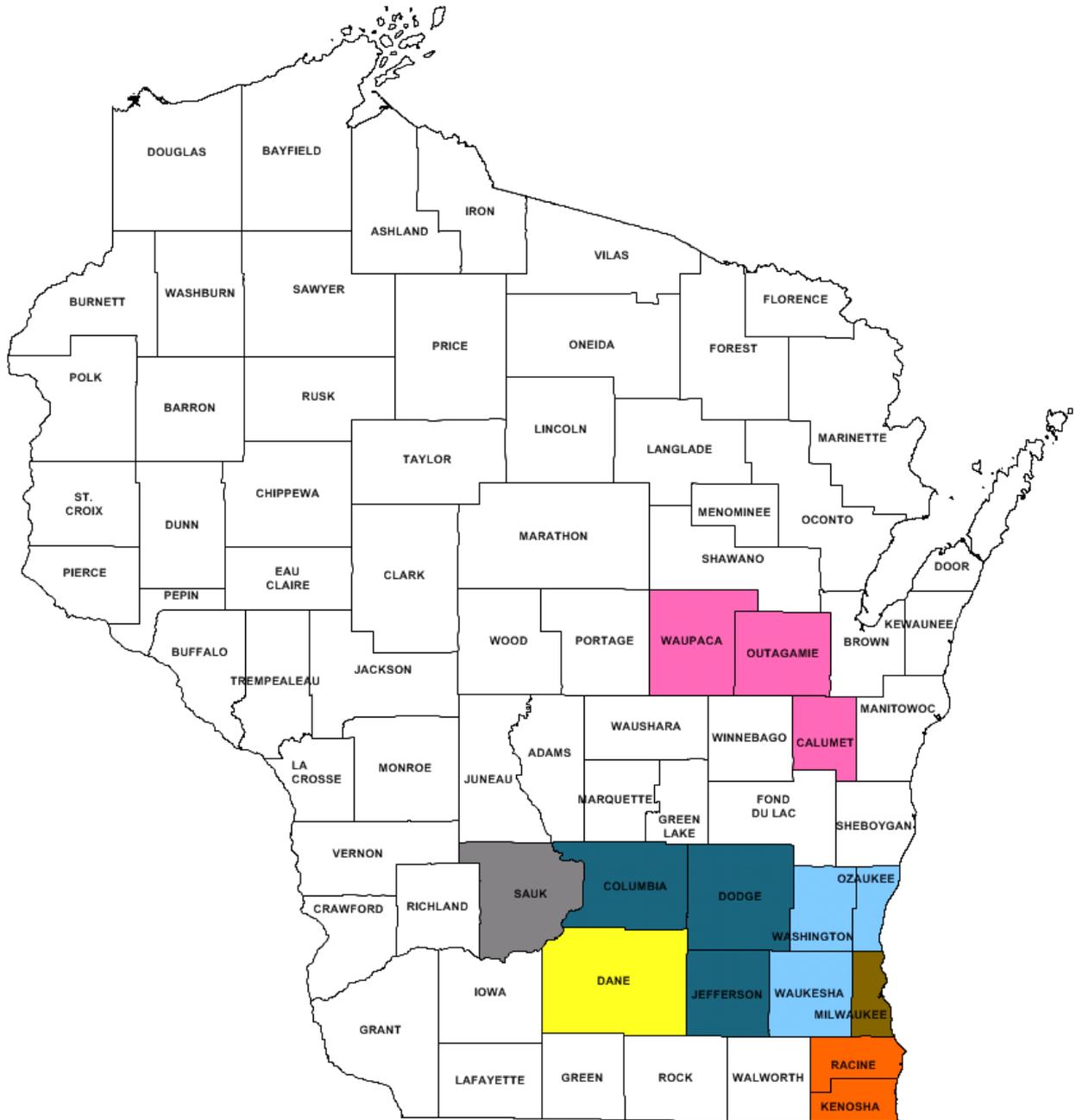
	PMPM Costs				2012-2014 Annual Trend	Selected Trend
	CY 2011	CY 2012	CY 2013	CY 2014		
Developmentally Disabled	3,529.41	3,430.56	3,433.43	3,466.44	0.5%	1.3%
Physically Disabled	2,379.49	2,323.20	2,307.33	2,288.00	-0.8%	-0.6%
Frail Elderly	2,375.67	2,387.16	2,452.71	2,482.43	2.0%	2.2%
	Acuity/Risk Scores					
	CY 2011	CY 2012	CY 2013	CY 2014		
Developmentally Disabled	0.9653	0.9965	1.0140	1.0209	1.2%	1.30%
Physically Disabled	1.0018	1.0102	1.0020	0.9865	-1.2%	-1.10%
Frail Elderly	0.9796	1.0015	1.0114	1.0059	0.2%	0.30%
	Risk Adjusted PMPM Costs					
	CY 2011	CY 2012	CY 2013	CY 2014		
Developmentally Disabled	3,656.11	3,442.72	3,385.88	3,395.51	-0.7%	0.00%
Physically Disabled	2,375.16	2,299.63	2,302.84	2,319.24	0.4%	0.50%
Frail Elderly	2,425.16	2,383.68	2,425.00	2,467.90	1.8%	1.90%

Appendix A

State of Wisconsin Department of Health Services
CY 2016 Capitation Final Rate Development for Family Care Partnership / PACE Program

December 14, 2015

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 2016 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.



- GSR 3
- GSR 5
- GSR 6
- GSR 8
- GSR 10
- GSR 11
- GSR 12
- No Current Expansion Plan

Appendix B

State of Wisconsin Department of Health Services
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Appendix B
Wisconsin Department of Health Services
CY 2016 Family Care Partnership/PACE Capitation Rate Development
Projected 2016 Family Care Partnership / PACE Expenditures

Enrollment Matrix by Base Rate Cell			Fiscal Results Matrix by Base Rate Cell			
MCO / GSR	2016 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)	797	\$4,191.61	\$2,442.45	\$1,946,732	\$1,749.16	\$1,394,150
Care WI (GSR 5)	2,614	4,384.54	2,554.87	6,677,353	1,829.67	4,781,979
Care WI (GSR 6)	0	3,615.23	2,106.59	0	1,508.63	0
Care WI (GSR 12)	14,493	3,532.58	2,058.43	29,832,624	1,474.14	21,364,603
iCare (GSR 8)	9,165	3,133.03	1,825.61	16,732,429	1,307.41	11,982,912
iCare (GSR 11)	511	3,526.04	2,054.62	1,050,040	1,471.42	751,985
iCare (GSR 12)	482	3,530.62	2,057.29	991,779	1,473.33	710,261
CCHP - PACE (GSR 8+)	7,669	3,693.13	2,151.99	16,503,124	1,541.14	11,818,695
CCHP (GSR 6)	1,706	3,763.56	2,193.03	3,740,296	1,570.54	2,678,609
CCHP (GSR 8)	2,754	4,581.33	2,669.54	7,353,116	1,911.79	5,265,926
CCHP (GSR 10)	1,751	3,601.66	2,098.68	3,675,121	1,502.97	2,631,934
CCHP (GSR 11)	2,133	3,775.90	2,200.22	4,693,057	1,575.68	3,360,928
Grand Total	44,075	\$3,628.77	\$2,114.48	\$93,195,671	\$1,514.28	\$66,741,983

Assuming FFY 2015 Federal Medical Assistance Percentage of 58.27%.