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December 1, 2017

Mr. Grant Cummings, Section Chief  
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Bureau of Long Term Care Financing  
Division of Medicaid Services  
1 West Wilson Street  
Madison, WI 53703

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

**Re: CY 2018 Family Care Partnership / PACE Capitation Rate Report**

Dear Grant:

Thank you for the opportunity to assist the Wisconsin Department of Health Services (DHS) with this important project. Our report summarizes the development of the CY 2018 capitation rates for Wisconsin's Family Care Partnership program and the Program of All-Inclusive Care for the Elderly (PACE).

Rates will be retroactively adjusted for the Affordable Care Act Health Insurance Provider Fee if it is collected in fall of 2018, consistent with current law.



We look forward to discussing those results with you.

Sincerely,

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MCC/MD/kal

Attachment

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**State of Wisconsin  
Department of Health Services  
CY 2018 Capitation Rate Development for  
Family Care Partnership / PACE Program**

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

Prepared by:  
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## I. EXECUTIVE SUMMARY

This report documents the development of the January 2018 - December 2018 (CY 2018) 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 2018 capitation rates produced by the rating methodology are actuarially sound to comply with Centers for Medicare and Medicaid Services (CMS) regulations. We developed actuarially sound capitation rates using published guidance from the American Academy of Actuaries (AAA), CMS, and federal regulations to ensure compliance with generally accepted actuarial practices and regulatory requirements.

### CY 2018 CAPITATION RATES

This report includes the development of the long-term care services (LTC) 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 2018 LTC service and administrative costs prior to removing the High Cost Risk Pool (HCRP) withhold and prior to adding targeted margin loads or program changes implemented since the base period.

The statewide average capitation rate for CY 2018 is \$3,646.37 for the Family Care Partnership / PACE population before removing the pooled claims amount. The statewide average CY 2018 MCE rate is \$3,660.54. The capitation rates add targeted margin and the market variability adjustment to the MCE rates. Table 1 shows the statewide rate change from the CY 2017 MCE to the CY 2018 MCE.

<b>Table 1</b> <b>Wisconsin Department of Health Services</b> <b>Comparison of CY 2017 and CY 2018 MCE Rates</b>	
CY 2017 Rates	\$3,601.72
CY 2018 Rates	\$3,660.54
% Change	+1.6%

The 1.6% increase in LTC MCE rates from CY 2017 to CY 2018 can be broken down as follows:

- 0.3% decrease due to the difference between actual CY 2016 base cohort LTC costs and the CY 2016 LTC costs predicted as part of CY 2017 rate development, incorporating the inclusion of additional MCO / GSR combinations in the CY 2016 base cohort,
- Less than 0.1% decrease due to differences in one-year cost and acuity trend values applied to move CY 2016 costs to CY 2017 costs in the CY 2018 rate development versus the CY 2017 rate development,
- 0.4% increase due to changes in the composite wage adjustment,
- 0.4% increase due to application of service trend to project CY 2017 costs to CY 2018,
- 1.0% increase due to application of acuity trend to project CY 2017 acuity to CY 2018,

- 0.6% decrease due to differences in the projected acuity level of the Family Care Partnership / PACE population relative to Family Care, including the impact of changes in the target group distribution between projected CY 2018 enrollment and the distribution underlying the CY 2017 rate development,
- 0.3% increase due to the increase in the Partnership / PACE add-on,
- 0.5% increase due to the projection of CY 2018 acute and primary service costs,
- 0.1% decrease due to differences in programmatic adjustments, and
- Less than 0.1% increase due to an increased administrative allowance.

Projected CY 2018 expenditures split between federal and state liability are included as Appendix B.

## METHODOLOGY CHANGES FROM CY 2017 RATES

The CY 2018 capitation rate methodology reflects several changes to the CY 2017 rate methodology. The most significant changes are listed and described below.

### New Rate Adjustments

For the CY 2018 capitation rates, DHS is including two new rate adjustments: an allowance to reflect the 3% nursing home per diem increase and 2% personal care assistance reimbursement increase effective July 1, 2017, and an allowance to reflect the 2.3% nursing home per diem increase and 2% personal care assistance reimbursement increase effective July 1, 2018. These adjustments are discussed in more detail in this report.

### MCO Expansion

Effective January 1, 2018, iCare will participate in Family Care Partnership in GSR 3.

### 2017 Target Group Automation Algorithm Changes

Effective January 2017, certain changes were made to the target group automation algorithm derived from the Long-Term Care Functional Screen (LTCFS) administered to program participants at least annually. One of the changes was to move individuals in the physically disabled target group into the frail elder target group effective with their first screen after age 65. In both the 2017 and 2018 rate development exercises, we have made this change in all data sources and exhibits at the individual level in order to match the process to be in effect after January 2017.

However, there were additions made to the LTCFS itself which have the effect of assigning additional individuals (approximate 2% as of March 2017) to the developmentally disabled target group. Since these are new screen variables and assignment logic, we are unable to comprehensively adjust for this in the base data and model. Instead, for these rates, we adjusted our rate development methodology to minimize the use of 2017 membership and screen information in rate development. Following are the high-level adjustments made for this issue in 2018 rate development:

## Change 1: Adjust Projected Enrollment

Calendar year 2018 enrollment projections provided by DHS were developed based on actual enrollment as of March 2017. This enrollment was subject to the target group automation process effective January 2017. To account for this difference, the enrollment projections throughout this report and exhibits were adjusted manually to reflect the same underlying distribution by target group as seen in the 2016 base data, after assigning physically disabled individuals aged 65 and over to the frail elderly target group. This adjustment was performed by scaling the proportion of projected membership for the base data cohort to match the 2016 base data cohort's target group distribution, ensuring that the total projected enrollment by MCO / GSR remains unchanged.

## Change 2: Adjust the Projected Acuity Difference Applied to LTC Services between CY 2016 and June 2017

Under the historical LTC service rate development methodology, the Family Care Partnership / PACE risk scores shown in Exhibit G would be based on the June 2017 enrollment. However, much of the enrollment underlying this calculation was assigned a target group based on the algorithm in effect January 2017. As a result, we estimate the acuity differences between CY 2016 and June 2017 for Family Care Partnership / PACE would have been understated for all target groups. To account for this, June 2017 screens are only used to apply the relative acuity of each MCO / GSR within each target group. Then, two years of acuity trend are applied to 2016 experience in Exhibit G to project 2018 costs rather than one year as would have been done historically.

The combination of these two changes puts all membership projections, base data, and models on a consistent basis appropriate for 2018 rate development.

## DATA RELIANCE AND IMPORTANT CAVEATS

We used MCO financial reporting, as well as encounter, eligibility, diagnostic, and functional screen data for CY 2015, CY 2016, and June 2017, 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 2018 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 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.

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 14 Wisconsin counties, which are grouped into 7 distinct Geographic Service Regions (GSRs), consistent with the Family Care program definitions, for rate setting and other purposes. PACE operates in Milwaukee County (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. Effective January 1, 2018, iCare will participate in Family Care Partnership in GSR 3.

### III. ACUTE AND PRIMARY SERVICE COST METHODOLOGY OVERVIEW

This section of the report describes the acute and primary service cost portion of the CY 2018 Family Care Partnership / PACE capitation rate methodology.

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

1. Extract and summarize repriced CY 2016 MCO encounter base experience data for the Dual Eligible and Medicaid Only populations by target group.
2. Further summarize CY 2016 MCO encounter base experience data by age and gender groupings.
3. Apply IBNR and other adjustments to project CY 2018 services costs.
4. Blend the projected CY 2018 service costs into a MCO / GSR specific projected cost.

Each of the above steps is described in detail below.

#### Step 1: Extract and Summarize Repriced Encounter Base Experience Data

In this step the MCO encounter experience for CY 2016 is summarized by MCO / GSR and service category for the populations enrolled in the Family Care Partnership / PACE program.

Exhibits A1 and A2 show the summarized repriced CY 2016 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 2016 and December 2016 with dates of payment through April 2017. This encounter data includes both services for which Medicaid is the primary payer as well as costs associated with Medicare cost sharing. The encounter data was adjusted and repriced by DHS to better reflect the allocation of cost between Medicare and Medicaid, completeness of encounters, and recognition of full costs associated with subcapitated services and delivery of services provided by MCO internal staff. Subcapitated encounters comprise approximately 1.5% of total acute and primary services. There are no acute and primary services provided in lieu of State Plan covered services.

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

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

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

The CY 2018 rate methodology relies on CY 2016 MCO encounter data for all MCO / GSR combinations.

#### Target Group Assignment:

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

Beginning in CY 2017, all individuals not assigned to the Developmentally Disabled target group who are over age 65 were assigned to the Frail Elderly target group. Individuals underlying the CY 2016 data have been manually reassigned to match the target group assignment effective with the CY 2017 and later target group definition.

In addition, as outlined in the Methodology Changes section of this report, other changes to the LTCFS effective January 2017 changed the member distribution between the target groups. In order to properly align the CY 2016 base period experience and the projected enrollment, the enrollment projections shown in Exhibits C and D reflect adjustments to the original CY 2018 projections from DHS to reflect the same underlying distribution by target group as seen in the CY 2016 base data, after assigning physically disabled individuals aged 65 and over to the frail elderly target group. In making this adjustment, we also ensured total projected membership for each MCO / GSR combination was unchanged.

#### **Step 2: Summarize CY 2016 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; rather, we risk-adjust those costs in Step 4.

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

#### **Step 3: Apply IBNR and Other Adjustments to Project CY 2018 Service Costs**

In this step we apply an adjustment to the base period costs to account for outstanding service cost liability and to reflect differences between the base period encounter data and the projected CY 2018 Family Care Partnership / PACE program service costs. Each adjustment factor is explained in detail below.

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

#### IBNR Adjustment:

Because of the small enrollment base and amount of claim runout available to us, we developed a single completion factor of 1.006 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 2016 data. *CREW* calculates incurred but not reported (IBNR) reserve estimates using the lag completion method.

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

Service Cost, Utilization, and Acuity Trend from CY 2016 to CY 2018:

Trend rates were used to project the CY 2016 baseline cost data beyond the base cost period to the CY 2018 contract period, to reflect changes in provider payment levels, average service utilization and mix and changes in member acuity. Separate trends were not developed for utilization, unit cost and acuity. Milliman and DHS reviewed the following information to determine the annual trend rates:

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

We reviewed experience trends for the Family Care Partnership / PACE programs in recent years as the primary support for trend development. Given the large variances in experience trends for each program, we did not feel comfortable using those trends at the category of service level. Instead, we used service category level trend rates consistent with the historical experience underlying the CY 2018 SSI capitation rate development, which also exhibits higher service needs and receives services from WI Medicaid enrolled providers. As a reasonability check to the results, we noted that the blended, selected trend rate of 4.6% is comparable to the 4.3% annualized trend experienced in Family Care Partnership / PACE from 2014 to 2016.

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

<b>Table 2 Wisconsin Department of Health Services Annual Trend Rates by Service Category</b>		
<b>Service Category</b>	<b>Medicaid Only</b>	<b>Dual Eligibles</b>
Inpatient Hospital	2.0%	2.0%
Outpatient Hospital	4.0%	4.0%
Pharmacy	9.0%	2.0%
Dental	2.0%	2.0%
Other Acute & Primary	2.0%	2.0%
<b>Composite Trend</b>	<b>5.8%</b>	<b>3.2%</b>

Please see Appendix C for a summary of the results of our trend analysis for acute and primary services.

### Treatment of IMD costs:

Effective July 5, 2016, federal regulation requires rate development to include special treatment for costs associated with stays in an Institution for Mental Diseases (IMD) for individuals between ages 21 and 64. The following steps were taken to comply with the regulation, resulting in a total reduction to inpatient costs of \$1,288.

- There was one stay in an IMD of more than 15 days during a calendar month during 2016. Costs of \$1,288, representing the Medicaid liability for this stay, were removed from the base period.
- We made no adjustment to IMD short stay costs for Medicare eligibles, because the Medicaid payments were associated with Medicare cost sharing. This cost would not have changed if the care would have been provided in an inpatient hospital.

### **Step 4: Blend Projected Service Costs by Target Group**

In this step we blend the projected CY 2018 service costs for each target group, Medicare eligibility status, and age gender grouping based on the projected CY 2018 target group membership. Exhibit C shows the projected CY 2018 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.

Effective January 1, 2018, iCare will participate in Family Care Partnership in GSR 3, and as such has no enrollment during CY 2016. The projected acute and primary cost for iCare in GSR 3 is developed using enrollment distribution by age / gender that reflects all Family Care Partnership enrollees in that GSR.

### Risk Adjustment of Medicaid Only Service Cost

Since Medicaid Only enrollees in the Family Care Partnership / PACE program incur acute care costs that are fully the liability of the participating MCOs, as compared to only Medicare cost sharing for Medicare covered services for Dual Eligibles, we developed an aggregate cost by target group and used a diagnostic based risk adjustment to determine costs variance by MCO. We used the Medicare Hierarchical Condition Category (HCC) model developed by Verisk to determine relative payment rates for Medicaid Only enrollees. Due to the very small number of Medicaid Only enrollees, there is significant variation in MCO / GSR level risk scores which we do not expect to persist over time. Therefore, we limited the MCO / GSR level risk scores to a range of 0.90 to 1.10. Since the baseline costs are developed using all counties' experience, the acuity adjustment is budget neutral across the program as a whole. We renormalize risk scores after applying the limits to the risk score variation to maintain budget neutrality.

We used diagnostic data as provided by the MCOs with the V2217.79.O1 version of the HCC model published by CMS.

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

<b>Table 3</b> <b>Wisconsin Department of Health Services</b> <b>Risk Adjustment Factors for Medicaid Only Population</b>	
<b>MCO / GSR</b>	<b>Risk Adjustment Factor</b>
Care Wisconsin (GSR 3)	1.1000
Care Wisconsin (GSR 5)	0.9000
Care Wisconsin (GSR 6)	1.1000
Care Wisconsin (GSR 12)	0.9880
iCare (GSR 3)	1.1000
iCare (GSR 8)	0.9830
iCare (GSR 11)	0.9573
iCare (GSR 12)	1.1000
CCHP - PACE	1.1000
CCHP (GSR 6)	1.1000
CCHP (GSR 8)	1.0180
CCHP (GSR 10)	0.9409
CCHP (GSR 11)	1.0391

MCO / GSR acute and primary service costs are illustrated in Exhibit D after blending across projected 2018 membership and applying budget neutral risk adjustment for Medicaid-only eligibles.

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

## IV. LONG-TERM CARE SERVICE COST METHODOLOGY OVERVIEW

This section of the report describes the CY 2018 Family Care Partnership / PACE capitation rate methodology for the Long-Term Care portion of the rate.

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

1. Apply adjustments to the Family Care base cost relativities for the member acuity level of each MCO / GSR combination and target group using June 2017 screens and the functional status acuity model.
2. Apply adjustments to the risk adjusted cost to project CY 2018 services costs for each MCO / GSR combination and target group.
3. Add HCRP Pooling Charge.
4. Apply Market Variability Adjustment.
5. Blend the projected CY 2018 service costs by target group into a MCO specific projected cost.

Each of the above steps is described in detail below.

### Step 1: Apply Risk Adjustment Relativities for Each MCO / GSR and Target Group

In this step, we start with the CY 2016 Family Care Nursing Home Level of Care (NH LOC) experience data PMPM and apply a risk adjustment factor to reflect the relative acuity of the June 2017 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 2016 Family Care NH LOC experience data PMPM net of the High Cost Risk Pool by target group.

<b>Table 4 Wisconsin Department of Health Services Family Care Base Experience Costs PMPM</b>	
<b>Target Group</b>	<b>Cost PMPM</b>
Developmentally Disabled	\$3,556.13
Physically Disabled	\$2,383.11
Frail Elderly	\$2,533.16

### Functional Status Acuity Model Cost Restatement

We developed functional status models for each target group of NH LOC individuals enrolled in Family Care. These functional status models are used to model the CY 2016 LTC service cost for a population based on their LTCFS. The development of these models is described in the CY 2018 Family Care rate report dated December 1, 2017. These functional status models are shown in Exhibits E1 – E3 for the Developmentally Disabled, Physically Disabled, and Frail Elderly population, respectively.

We do not believe the Family Care Partnership / PACE program to be of sufficient size to support its own acuity model. In addition, we have concerns about the completeness of the financial amounts reported in the encounter data, which is also necessary to develop an acuity model. Given the significant similarity of covered populations, benefits, provider reimbursement, and geography between the Family Care and Family Care Partnership / PACE populations, we believe the Family Care acuity model is the most appropriate to use for the Family Care Partnership / PACE population.

We used CY 2016 claim and enrollment experience for Family Care, Family Care Partnership and PACE, as well as the June 2017 LTCFS for the Family Care Partnership / PACE population to develop MCO / GSR specific modeled LTC service costs and risk scores. The CY 2016 experience was utilized to develop the total target group level acuity relationship between Family Care and Family Care Partnership / PACE, while the June 2017 Family Care Partnership / PACE functional screen were utilized to develop acuity relativities between the Family Care Partnership / PACE MCO / GSR combinations. Table 5 below illustrates the acuity relationships between Family Care and Family Care Partnership / PACE.

<b>Table 5</b> <b>Wisconsin Department of Health Services</b> <b>Acuity Relativity Between Family Care and</b> <b>Family Care Partnership / PACE</b>	
<b>Target Group</b>	<b>Acuity Relativity</b>
Developmentally Disabled	+2.6%
Physically Disabled	-2.4%
Frail Elderly	+0.7%

The functional status regression models are calibrated to the CY 2016 Family Care experience for each target group for the base cohort population. For example, the CY 2016 Family Care experience for the developmentally disabled population adjusted for pooled claims and IBNR liability of \$3,556.13 found on Exhibit B of the Family Care capitation rate report can be matched to the sum of the “Incremental Increase” column in Exhibit C1 of the same report. A similar comparison can be made for each target group.

It is important to note that the functional status regression models are not used to restate the aggregate base period costs. Those models are used to develop MCO / GSR specific risk scores to reflect the relative enrollee specific acuity by target group.

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

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

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

The product of the statewide estimate and the proportion with variable equals the “incremental increase” value. The sum of the incremental increase values equals the total PMPM target group base data cohort cost. For example, the sum of the incremental increase values on Exhibit E1 is \$3,556.13, which is equal to the DD completed base data cost on Exhibit G1.

Exhibits F1, F2, and F3 show the proportion of the June 2017 enrolled population with each variable for the three functional status models used in calculating the MCO / GSR specific risk score.

The column labeled “MCO / GSR Specific Risk Adjusted Rate” in Exhibit G illustrates the acuity-adjusted service cost for each MCO / GSR combination using the base period regression model (reflecting the CY 2016 utilization and unit cost structure for Family Care) and the June 2017 Family Care Partnership / PACE population functional screens.

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

## **Step 2: Apply Adjustments to Risk Adjusted Cost to Project CY 2018 Services Costs**

In this step we apply adjustment factors to reflect differences between the base period encounter data and the projected CY 2018 Family Care Partnership / PACE program service costs. Each adjustment factor is explained in detail below.

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

### Partnership / PACE Add-On Amount:

We add a PMPM adjustment of \$100.81 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 2016 Family Care Partnership / PACE Care Management expenses of \$496.24 PMPM using the Care Management costs from the audited financial statements and base period member months.
2. Calculate Care Management expense amount in excess of those provided under the Family Care program by subtracting the 2016 Care Management PMPM for the Family Care program from the 2016 Family Care Partnership / PACE Care Management PMPM. The Family Care Partnership / PACE Care Management expenses are \$161.85 greater than the \$334.39 experienced under Family Care.
3. Calculate the percentage of total revenue attributable to Medicaid (62.29%) 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.  $62.29\% * \$161.85 = \$100.81$  PMPM.

### Service Cost Trend from CY 2016 to CY 2018:

Trend rates were used to project the CY 2016 baseline PMPM cost data beyond the base cost period to the CY 2018 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 2013 through CY 2016 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. Given the significant similarity of covered populations, benefits, provider reimbursement and geography between the Family Care and Family Care Partnership / PACE populations, we believe the Family Care trend rates are the most appropriate to use for the Family Care Partnership / PACE population.

After discussions with DHS, we excluded certain MCO / GSR combinations from our analysis because of extraordinary events occurring during the time period examined, including:

- Changes in the MCOs 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 combinations to exclude from the analysis for MCOs that performed substantially different than the functional acuity model predicted from year to year. MCO / GSR combinations were excluded from the data used for trend development for two reasons. First, they had little to no data for one of the years used in the trend analysis, either because Family Care was new to the GSR or the MCO recently moved into the GSR. Second, MCO / GSR combinations were excluded if they had large increases in new membership. The purpose of the trend analysis is to determine how costs and acuity are changing in a stable system, and MCO / GSR combinations experiencing large increases in membership are not stable. See Appendix D for the results of our trend 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 2018-19 Wisconsin state budget directs DHS to provide a 3.0% rate increase for nursing home per diems for SFY 2018, and a 2.3% increase for SFY 2019. This results in an annualized nursing home per diem trend of 2.4% between the base experience period of CY 2016 and the rate period of CY 2018 after including consideration of the known increase of 1.2% between SFY 2016 and SFY 2017. However, the trend development methodology would only capture the historical annualized per diem trend of 1.2% between CY 2014 and CY 2016. To bridge this 1.2% gap, we developed a trend adjustment by multiplying the 1.2% trend gap by the statewide percentage of nursing home costs included in the base experience data for each target group separately. This adjustment is added to the selected total cost trends. Table 6 below shows the total annual PMPM trend rates by target group assumed for combined pooled and non-pooled costs.

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

<b>Target Group</b>	<b>Calculated PMPM Trend Rates</b>	<b>Nursing Home Per Diem Adjustment</b>	<b>Total PMPM Trend Rates</b>
Developmentally Disabled	0.00%	0.02%	0.02%
Physically Disabled	0.00%	0.16%	0.16%
Frail Elderly	0.55%	0.27%	0.83%

Table 7 illustrates the combined pooled and non-pooled service cost trend values implemented for the CY 2018 rate development split between utilization and unit cost trends for each target group. The values are consistent with the historical trend analysis described above. The trends are comparable to trends realized in other Medicaid managed long term care programs after accounting for acuity trends.

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

<b>Target Group</b>	<b>Annual Utilization Trend</b>	<b>Annual Unit Cost Trend</b>	<b>Annual PMPM Trend</b>
Developmentally Disabled	0.20%	-0.18%	0.02%
Physically Disabled	-0.25%	0.41%	0.16%
Frail Elderly	-0.15%	0.97%	0.83%

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

Table 8 below shows our average annual trends for the amounts exceeding the HCRP threshold and resulting trend rates for the amounts below the HCRP.

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

<b>Target Group</b>	<b>HCRP Amount Trend</b>	<b>Net PMPM Trend</b>	<b>Total PMPM Trend</b>
Developmentally Disabled	35.0%	-0.46%	0.02%
Physically Disabled	35.0%	-0.02%	0.16%
Frail Elderly	0.0%	0.83%	0.83%

Acuity Adjustment from CY 2016 to CY 2018:

In order to develop rates based on expected CY 2018 member acuity levels, we apply two years of projected acuity trend to the 2016 acuity-adjusted costs. As part of the historical trend study, we developed CY 2014 – CY 2016 changes in average acuity for each target population. The acuity trend study was performed in conjunction with the service cost trend study, and all data and methodology utilized were the same. The results of the acuity trend study are included in Appendix D. Those same acuity results were used to develop the risk-adjusted service costs underlying the service cost trend development. We believe these changes in average acuity, as outlined in Table 9 below, are appropriate to assume continuing for CY 2016 – CY 2018.

<b>Table 9 Wisconsin Department of Health Services Annual Trend Rates by Target Group</b>	
Target Group	Annual Acuity Trend
Developmentally Disabled	1.60%
Physically Disabled	1.00%
Frail Elderly	1.20%

Geographic Wage Adjustment:

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

We 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 2016 (downloaded on June 6, 2017) 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 2018 enrollment for Family Care Partnership / PACE in order to develop aggregate factors for each GSR as detailed in Table 10 below. Because projected CY 2018 enrollment is used to weight the factors, this adjustment will not be revenue neutral to the degree the enrollment distributions differ between CY 2016 and CY 2018.

**Table 10**  
**Wisconsin Department of Health Services**  
**CY 2018 Geographic Wage Adjustment Factors**  
**Family Care Program**

<b>GSR</b>	<b>Calculated Factor</b>	<b>Dampened Factor</b>
GSR 3	0.9465	0.9625
GSR 5	0.9827	0.9879
GSR 6	1.0245	1.0171
GSR 8	1.0245	1.0171
GSR 10	0.9643	0.9750
GSR 11	1.0301	1.0211
GSR 12	1.0718	1.0503

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 2018 rate development. This adjustment is reflected in Exhibit G. For example, the GSR 3 calculated factor of 0.9465 is dampened to  $(1 + (0.9465 - 1) * 70\%) = 0.9625$ .

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

Personal Care Rate Increase:

The 2018-19 Wisconsin state budget directs DHS to increase fee-for-service personal care rates by 2% effective July 2017 and an additional 2% increase effective July 2018. Accompanying this rate increase is the expectation that Family Care Partnership / PACE MCOs will also implement this rate increase. Personal care costs represented between 0.24% and 0.86% of base period costs across the three target groups. Applying these rate increases to these portions of the cost results in adjustments of 0.01%, 0.03%, and 0.01% for the DD, PD, and FE target groups, respectively.

**Step 3: Add HCRP Pooling Charge**

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

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

The CY 2018 Family Care functional status risk model was calibrated to CY 2016 costs net of the HCRP costs removed from the CY 2016 base period data. To project CY 2018 costs gross of the HCRP withhold, Developmentally Disabled, Physically Disabled, and Frail Elderly costs are increased by \$81.77 PMPM, \$20.35 PMPM and \$0.63 PMPM, respectively. These are based on the same withhold base period values and projection factors utilized in the CY 2018 Family Care acuity model and rate development with the following exceptions:

- The composite geographic wage adjustment reflects the Family Care Partnership / PACE service area.
- The phase-in adjustment for expansion GSRs and counties is excluded since it is not applicable to 2018 Family Care Partnership / PACE rate development.
- The target group acuity for Family Care Partnership / PACE replaces the Family Care acuity projections.

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

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

#### **Step 4: Apply Market Variability Adjustment**

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

The preliminary, acceptable range of potential market variability factors for CY 2018 is 0.945 to 1.055. The final actual range of implemented factors is 0.945 to 1.000.

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

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

### Preliminary Range of Acceptable Factors

We developed the range of preliminary factors based on a review of actual CY 2014, CY 2015, and CY 2016 MCO / GSR encounter data service costs relative to costs predicted by the functional acuity model and corresponding member functional screens for those rating years for the Family Care program population. No additional projections or assumptions were required beyond the actual and modeled costs. The results of this analysis are shown in Appendix D.

The width of the preliminary factor range is about +/- 5.5%, which is comparable to many other Medicaid managed care programs where rate ranges have been calculated. No other factors in the 2018 Family Care Partnership rate development process include internal ranges.

We excluded MCO / GSRs from the analysis that were not included in the base period cohort (CY 2014, CY 2015, or CY 2016) for rating years CY 2016, CY 2017, and CY 2018, respectively. The total range of results varied from 0.890 to 1.119. We narrowed this range to 0.942 and 1.053 to remove extreme values and account for natural variation that is expected in any at-risk managed care program. Sixty-seven percent of the results fell within this range.

It is not the goal of this adjustment to increase or decrease capitation rates in aggregate, though this may occur depending on the actual factors used in rate development. Starting aggregate service cost projections are always based on the most recent, statewide base period information available, while the market variability adjustment targets MCO-specific performance over time. For that reason, the range of acceptable adjustments considered was changed slightly to be centered on 1.000, consistent with the expectation that this adjustment is not intended to apply system-wide rate changes. This changes the preliminary factor range from 0.942 – 1.053 to 0.945 – 1.055.

### Factors Actually Implemented

Exhibit G2 shows that aggregate costs decrease by approximately 2.36% due to the chosen market variability adjustment factors. We have reviewed the development of the adjustments applied in this rate report. DHS and Milliman reviewed MCO historical financial performance and 2018 business plans incorporating the rates in this report in order to determine an appropriate market variability adjustment for each MCO within the range. We are comfortable with the methodology used by DHS to develop the market variability adjustments and the magnitude of the resulting adjustments.

### **Step 4: Blend Projected Service Costs by Target Group**

In this step we blend the projected CY 2018 MCO / GSR service costs for each target group based on the composite projected CY 2018 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 2018 Family Care Partnership / PACE capitation rate. Non-service expense loads and resulting MCE and capitation rates are shown in Exhibit H. Exhibit I restates the components of the MCO / GSR capitation rates net of HCRP and withhold.

### ADMINISTRATIVE COST ALLOWANCE

DHS worked in collaboration with the MCOs to develop a sustainable approach to determine the administrative funding levels for the NH LOC population enrolled in the Family Care Partnership, PACE, and Family Care programs. DHS developed the administrative funding methodology to address new and expanding MCOs, the size of an MCO's enrolled population, and the determination of program operational costs. DHS and the MCOs formed "small work groups" (SWG) in 2009 to help assess the type and range of administrative costs. For the CY 2016 rate development MCOs provided updated financial and employee data in the same structure developed by the SWGs, which DHS reviewed and analyzed in order to update the administrative cost model assumptions. As part of the cost model development, financial and employee expense data were trended to 2018 levels using the CPI trends from BLS shown in Table 11 below.

Table 11 Wisconsin Department of Health Services Consumer Price Index Trends	
Year	Annual Trend Rate
2015	0.12%
2016	1.00%
2017	1.63%
2018	1.63%

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 \$38.12 PMPM amount is added to reflect administrative expenses related to the acute and primary portion of the capitation rates. The acute and primary administrative load was developed from historical Family Care Partnership / PACE MCO administrative cost reporting for Medical Management and HMO Licensure Management. These functions are required to serve the acute care needs of members, but are not necessary for delivering only Family Care covered services. Sixty percent of these historical costs were allocated to the Medicaid portion of Family Care Partnership / PACE, consistent with the historical revenue relationship between Medicaid and Medicare. These historical costs were then projected to 2018 using the same CPI trends used in the Family Care administrative cost model.

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

Exhibit H shows the application of the administrative cost allowance.

### Fixed Cost

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

To accommodate the personnel needs of different sized MCOs for their fixed administrative costs, DHS has developed five tiers within each component to account for different staffing expectations. MCOs are assigned a tier based on their projected CY 2018 enrollment. Table 12 below shows the projected member month range for each tier. The resulting fixed PMPM costs are calculated for each MCO as the projected number of FTEs, and their corresponding expense, divided by the projected number of member months.

Table 12 Wisconsin Department of Health Services Member Month Range by Administrative Tier	
Tier	Projected Member Months
Small	0 – 54,999
Medium	55,000 – 89,999
Large	90,000 – 129,999
XL	130,000 – 169,999
XXL	170,000 +

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

Table 13 shows the fixed cost assumptions used to develop the CY 2018 MCE rates.

<b>Table 13</b> <b>Wisconsin Department of Health Services</b> <b>Detailed Assumptions for Fixed Cost Component of Non-Benefit Allowance</b>							
<b>FTE Assumptions: Fixed Cost Component</b>							
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
XL	16	4	5	1	15	19	4
XXL	20	5	6	1	17	22	5
<b>Total Expense Assumptions: Fixed Cost Component</b>							
Small	\$1,067,514	\$95,874	\$335,192	\$104,115	\$867,557	\$1,114,179	\$153,356
Medium	1,423,353	191,747	335,192	104,115	1,060,347	1,448,432	230,034
Large	2,135,029	287,621	446,923	104,115	1,253,138	1,782,686	230,034
XL	2,846,705	383,494	558,654	104,115	1,445,928	2,116,939	306,712
XXL	3,558,382	479,368	670,385	104,115	1,638,719	2,451,193	383,390

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

**Variable Costs**

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

Table 14 shows the variable cost assumptions used to develop the CY 2018 capitation rates.

<b>Table 14</b> <b>Wisconsin Department of Health Services</b> <b>Variable Cost Components of Non-Benefit Allowance</b>	
Cost Component	PMPM Cost
Claims Management	\$18.40
Fiscal Management	5.25
Information Management	27.64
Quality Management	12.35

The funding model that calculates the administrative component of the capitation rate uses the DHS-negotiated rate for third party claims management for the 2018 contract year as the assumed cost for claims management in the Family Care, Partnership, and PACE programs.

### **Targeted Risk Margin / Contribution to Reserves**

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

## VI. OTHER RATE CONSIDERATIONS

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

### FEE-FOR-SERVICE EQUIVALENT COSTS (PACE ONLY)

This section of the report describes how the 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 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.

To develop the 2018 FFSE, we applied population acuity and medical trends to the 2015 FFSE. There are no new benefits or populations covered in 2018, though a very small adjustment for a PCA service rate increase was incorporated outside of trend in 2018 rate development. This adjustment is included in the trend outlined in Table 15 below. Projected acuity trend from this rate development is applied to project 2018 acuity. Projected medical trends for 2016 and 2018 rate development are also applied to the 2015 FFSE.

Table 15 below outlines the development of the \$3,948.20 FFSE. The rate for PACE of \$3,600.81 is about 9% less than the FFSE, and is, therefore, compliant with UPL requirements.

Table 15 Wisconsin Department of Health Services Fee-For-Service Equivalent Compliance Results				
FFSE Rate from 2015 Rate Report	2015 to 2018 Trend <sup>1</sup>	FFSE Rate Trended to 2018	2018 PACE Capitation Rate	Estimated Savings
\$3,618.39	9.11%	\$3,948.20	\$3,600.81	8.80%

<sup>1</sup> Inclusive of 2015 to 2018 service cost and acuity trend as well as incremental 2014 to 2015 acuity trend over that projected in 2015 rate development.

### Withholds and Incentives

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

### Pay for Performance Withhold and Incentive

New for CY 2018, DHS is implementing pay for performance in the Family Care Partnership / PACE program. DHS will withhold 0.5% of each MCO's gross capitation rate for the MCO to earn back by meeting minimum performance standards on four member satisfaction survey questions. The member satisfaction survey will be administered during the rate year. MCOs will be able to earn back a quarter of the withheld amount for each question that they meet the minimum performance standard. If the MCO meets the minimum performance standards for all four questions on the member satisfaction survey, they are eligible to earn up to an additional 0.5% of their capitation rate in incentive payments. MCOs can earn an incentive payment equal to 0.125% of their capitation rate by meeting or exceeding the targeted performance benchmark for each question.

Based on previous survey results, DHS and Milliman estimate that 0.375% of the 0.5% withhold will be returned to MCOs under the pay for performance terms. These capitation rates are certified as being actuarially sound assuming that 0.375% of the withhold is returned.

### 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.

### **Potential Retrospective Adjustments**

Several retrospective adjustments not reflected in this report may be made if experience for certain issues outside MCO control do not substantially conform to assumptions in this rate development. These adjustments, which are expected to be completed by December 31, 2019, include the processes outlined in this section. In addition, as outlined in the cover letter to this report, further adjustment to the capitation rates may be necessary to account for the membership shift from the PD and FE target groups to the DD target groups starting in 2017.

### Target Group Adjustment

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

1. Projected and actual contract period enrollment is summarized by MCO and GSR combination for each target group.
2. Long term care MCE rates net of the HCRP and withhold are deconstructed into target group-specific long term care MCE rates.
3. The aggregate long term care MCE rate is calculated by weighting the target group-specific long term care MCE rates separately for projected enrollment and actual enrollment.
4. The PMPM payment or recoupment amount is calculated as the difference between the MCE rates calculated with projected and actual enrollment. This difference is multiplied by actual contract period member months to determine the total payment or recoupment.

The precise calculations to be followed for the 2017 and 2018 adjustments may vary slightly from this list due to the changes in the target group assignment algorithm effective January 2017. Since the 2017 and 2018 contract period experience will be on a different basis than the base period experience, an additional adjustment will likely be necessary to put the assumed target group distribution on a contract period basis.

#### 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 the contract period. The process used to calculate the retroactive dual eligibility status adjustment is as follows:

1. Projected and actual contract period dual eligibility status distribution is summarized by MCO and GSR combination.
2. The acute and primary portion of rates is deconstructed into Medicaid Only and Dual Eligible rates.
3. The aggregate acute and primary rate is calculated by weighting the Medicaid Only and Dual Eligible rates separately for projected enrollment and actual enrollment.
4. The PMPM payment or recoupment amount is calculated as the difference between the rates calculated with projected and actual enrollment. This difference is multiplied by actual contract period member months to determine the total payment or recoupment.

#### 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 contract period 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 contract period acuity and the acuity assumed in this rate development. The process to calculate the retroactive adjustment is as follows:

1. DHS provides eligibility and functional screen information by MCO. Detailed LTCFS information for each unique member enrolled is summarized by month and target group.
2. The target group and screen information is applied to the variables and cost weights that are part of the contract period regression models. This calculates the modeled PMPM for each month and target group necessary to calculate the payment or recoupment.
3. These modeled values are then adjusted by all applicable rate development factors that were included in the rate report to arrive at the contract period PMPM Retroactive Rate.
4. The final payment (recoupment) is calculated as the difference in the contract period PMPM Retroactive Rate and original capitation payment, multiplied by the actual membership.

### Nursing Home Closure Adjustment

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

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

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

### Ventilator Dependent LTC Service Reconciliation

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

1. The contract period projected proportion of ventilator-dependent member months assumed in capitation rate development is summarized by target group.
2. The actual contract period proportion of ventilator-dependent member months and actual member months are calculated using monthly eligibility and long term care functional screens for the contract period provided by DHS.
3. The ventilator-dependent cost weights for each target group used in the contract period regression model are summarized.
4. The total payment or recoupment for each target group is calculated using the following formula:

$$\text{Payment (Recoupment)} = \text{Actual Member Months} \times (\text{Actual \% Vent Dependent} - \text{Projected \% Vent Dependent}) \times \text{Vent Dependent Cost Weight}$$

### AIDS / Ventilator Dependent Acute and Primary Service Reconciliation

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

### Dane County Eligibility Requirements

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

In order to account for the uncertainty around ultimate 2018 Family Care Partnership enrollment for MCOs operating in Dane County, the assumed enrollment underlying these capitation rates may be reconciled to the actual contract period acuity of an MCO's membership, as measured by the LTC functional screen. As these members would primarily be entering Family Care Partnership from the existing waiver population, a further adjustment may be made to phase in the impact of managed care savings and efficiency gains on historical FFS costs. The determination of whether this reconciliation is made depends on the materiality of the difference of the actual contract period average member acuity and the acuity assumed in this rate development. The process to calculate the retroactive adjustment is as follows:

1. DHS provides eligibility and functional screen information by MCO. Detailed LTCFS information for each unique member enrolled is summarized by month and target group.
2. The target group and screen information is applied to the variables and cost weights that are part of the contract period regression models. This calculates the modeled PMPM for each month and target group necessary to calculate the payment or recoupment.
3. These modeled values are then adjusted by all applicable rate development factors that were included in the rate report to arrive at the contract period PMPM Retroactive Rate. This would include the phase-in adjustment applied to Family Care capitation rates for GSR 12.
4. The final payment (recoupment) is calculated as the difference in the contract period PMPM Retroactive Rate and original capitation payment, multiplied by the actual membership.

The precise calculations to be followed for the 2017 and 2018 adjustments may vary slightly from this list due to the changes in the target group assignment algorithm effective January 2017. Since the 2017 and 2018 contract period experience will be on a different basis than the base period experience, an additional adjustment will likely be necessary to put the assumed target group distribution on a contract period basis.



## EXHIBITS A – D

### Capitation Rate Development – Acute and Primary Services

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**State of Wisconsin Department of Health Services**  
CY 2018 Capitation Rate Development for Family Care Partnership / PACE Program

December 1, 2017

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 2018 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 2018 Partnership/PACE Capitation Rate Development**  
**Summary of 2016 Acute and Primary Services Experience by MCO/GSR**  
**Dual Eligible Population**

	Care WI (GSR 3)			Care WI (GSR 5)			Care WI (GSR 6)			Care WI (GSR 12)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	198	84	480	531	422	1,264	0	12	19	846	3,954	7,297
<b>Acute &amp; Primary Services</b>												
Inpatient Hospital	\$6.66	\$38.91	\$32.13	\$17.46	\$21.48	\$10.85	\$0.00	\$0.00	\$0.00	\$17.92	\$35.21	\$33.46
Outpatient Hospital	33.83	17.91	10.43	5.25	24.80	5.29	0.00	1.59	0.00	4.60	8.94	7.66
Pharmacy	5.67	55.56	34.46	15.33	14.12	12.94	0.00	0.00	4.61	18.46	30.30	20.95
Dental	29.22	63.52	32.96	47.65	89.30	26.46	0.00	0.00	0.00	31.71	25.95	19.48
Other Acute & Primary	16.13	32.73	38.07	25.93	39.73	31.50	0.00	125.36	10.26	53.53	55.33	46.59
Grand Total	\$91.51	\$208.64	\$148.06	\$111.63	\$189.43	\$87.04	\$0.00	\$126.96	\$14.88	\$126.22	\$155.74	\$128.14
<b>Composite PMPM</b>	<b>\$140.03</b>			<b>\$112.41</b>			<b>\$59.17</b>			<b>\$137.03</b>		

  

	iCare (GSR 8)			iCare (GSR 11)			iCare (GSR 12)			CCHP - PACE (GSR 8+)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	873	2,375	2,172	51	139	169	18	331	265	558	645	5,775
<b>Acute &amp; Primary Services</b>												
Inpatient Hospital	\$7.27	\$36.91	\$26.54	\$25.64	\$21.99	\$6.95	\$74.36	\$46.63	\$42.37	\$13.01	\$13.50	\$8.77
Outpatient Hospital	5.98	19.57	15.11	13.97	7.99	3.66	9.76	9.24	8.92	1.57	21.54	22.00
Pharmacy	0.01	0.02	0.01	0.00	0.09	0.00	0.00	0.91	0.04	0.09	0.19	0.42
Dental	34.04	44.59	31.30	0.00	0.00	0.00	0.00	0.00	0.00	22.46	61.52	34.34
Other Acute & Primary	33.63	48.51	44.62	33.24	48.95	31.27	48.84	51.12	39.03	55.58	74.09	63.61
Grand Total	\$80.94	\$149.59	\$117.57	\$72.85	\$79.02	\$41.88	\$132.97	\$107.90	\$90.37	\$92.72	\$170.85	\$129.14
<b>Composite PMPM</b>	<b>\$125.71</b>			<b>\$60.64</b>			<b>\$101.06</b>			<b>\$130.09</b>		

  

	CCHP (GSR 6)			CCHP (GSR 8)			CCHP (GSR 10)			CCHP (GSR 11)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	261	317	828	565	456	535	241	301	832	431	300	1,046
<b>Acute &amp; Primary Services</b>												
Inpatient Hospital	\$5.19	\$21.30	\$18.81	\$5.11	\$19.59	\$15.77	\$0.00	\$22.53	\$9.83	\$0.00	\$13.57	\$11.67
Outpatient Hospital	2.71	111.99	8.84	13.42	109.24	23.89	1.27	26.97	17.14	2.02	44.10	11.85
Pharmacy	0.00	0.03	0.05	0.00	0.32	0.36	0.48	0.43	0.64	0.01	0.03	0.11
Dental	23.10	48.10	53.03	42.09	60.92	15.64	14.42	5.48	8.55	28.74	30.44	17.69
Other Acute & Primary	31.63	85.55	57.81	52.09	82.94	64.78	41.95	52.54	49.20	22.31	39.00	33.78
Grand Total	\$62.63	\$266.98	\$138.53	\$112.70	\$273.02	\$120.44	\$58.11	\$107.95	\$85.36	\$53.08	\$127.14	\$75.10
<b>Composite PMPM</b>	<b>\$153.42</b>			<b>\$162.40</b>			<b>\$85.53</b>			<b>\$78.54</b>		

  

	Grand Total - Base Data		
	DD	PD	FE
Exposure Months	4,571	9,336	20,681
<b>Acute &amp; Primary Services</b>			
Inpatient Hospital	\$10.11	\$31.38	\$21.20
Outpatient Hospital	6.52	23.42	13.40
Pharmacy	5.48	14.05	9.15
Dental	31.89	36.95	25.90
Other Acute & Primary	39.93	55.60	50.14
Grand Total	\$93.93	\$161.39	\$119.78
<b>Composite PMPM</b>	<b>\$127.60</b>		

**Exhibit A2**  
**Wisconsin Department of Health Services**  
**CY 2018 Partnership/PACE Capitation Rate Development**  
**Summary of 2016 Acute and Primary Services Experience by MCO/GSR**  
**Medicaid Only Population**

	Care WI (GSR 3)			Care WI (GSR 5)			Care WI (GSR 6)			Care WI (GSR 12)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	69	37	13	220	102	0	0	1	1	328	1,740	139
<b>Acute &amp; Primary Services</b>												
Inpatient Hospital	\$0.00	\$1,956.76	\$1,922.62	\$44.67	\$744.14	\$0.00	\$0.00	\$0.00	\$0.00	\$728.91	\$809.18	\$1,447.99
Outpatient Hospital	51.51	2,200.69	139.83	63.70	102.02	0.00	0.00	0.00	0.00	193.24	284.28	22.01
Pharmacy	402.05	534.21	8,341.83	1,046.41	1,127.24	0.00	0.00	1,338.57	0.00	744.97	924.48	638.78
Dental	99.17	46.57	0.00	45.38	58.80	0.00	0.00	0.00	0.00	56.55	30.24	10.01
Other Acute & Primary	114.43	829.05	202.55	92.37	247.21	0.00	0.00	0.00	2.50	216.45	278.03	164.66
Grand Total	\$667.17	\$5,567.28	\$10,606.83	\$1,292.53	\$2,279.41	\$0.00	\$0.00	\$1,338.57	\$2.50	\$1,940.13	\$2,326.22	\$2,283.44
<b>Composite PMPM</b>	<b>\$3,249.80</b>			<b>\$1,604.06</b>			<b>\$731.26</b>			<b>\$2,266.09</b>		

  

	iCare (GSR 8)			iCare (GSR 11)			iCare (GSR 12)			CCHP - PACE (GSR 8+)		
	DD	PD	FE	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	725	2,536	41	50	76	1	6	140	0	48	370	52
<b>Acute &amp; Primary Services</b>												
Inpatient Hospital	\$224.01	\$680.74	\$1,492.02	\$71.36	\$32.46	\$0.00	\$0.00	\$688.90	\$0.00	\$561.57	\$393.04	\$445.60
Outpatient Hospital	120.12	171.12	87.39	14.24	225.39	0.00	88.97	77.03	0.00	88.39	192.34	936.86
Pharmacy	400.38	1,188.50	480.29	448.40	1,205.61	0.00	520.57	736.88	0.00	616.26	469.61	390.60
Dental	41.10	40.20	97.50	0.00	40.92	0.00	0.00	0.00	0.00	4.54	41.56	33.11
Other Acute & Primary	161.42	377.01	314.26	97.46	326.81	0.00	169.80	232.21	0.00	379.60	321.54	688.12
Grand Total	\$947.03	\$2,457.58	\$2,471.46	\$631.46	\$1,831.19	\$0.00	\$779.34	\$1,735.02	\$0.00	\$1,650.36	\$1,418.09	\$2,494.30
<b>Composite PMPM</b>	<b>\$2,126.10</b>			<b>\$1,349.21</b>			<b>\$1,695.68</b>			<b>\$1,560.20</b>		

  

	CCHP (GSR 6)			CCHP (GSR 8)			CCHP (GSR 10)			CCHP (GSR 11)		
	DD	PD	FE									
Exposure Months	72	174	0	571	429	0	117	140	0	130	200	2
<b>Acute &amp; Primary Services</b>												
Inpatient Hospital	\$0.00	\$761.41	\$0.00	\$1,067.08	\$637.90	\$0.00	\$246.84	\$595.89	\$0.00	\$32.52	\$700.26	\$0.00
Outpatient Hospital	19.92	115.68	0.00	79.32	129.56	0.00	341.66	100.78	0.00	62.14	195.91	0.00
Pharmacy	281.25	1,137.56	0.00	691.46	548.76	0.00	208.51	844.28	0.00	1,165.60	691.10	0.00
Dental	28.26	43.15	0.00	34.62	88.96	0.00	18.58	10.20	0.00	54.16	95.29	0.00
Other Acute & Primary	265.37	454.48	0.00	373.10	513.97	0.00	162.42	413.17	0.00	249.48	454.36	0.00
Grand Total	\$594.81	\$2,512.27	\$0.00	\$2,245.58	\$1,919.15	\$0.00	\$978.01	\$1,964.33	\$0.00	\$1,563.89	\$2,136.94	\$0.00
<b>Composite PMPM</b>	<b>\$1,951.63</b>			<b>\$2,105.55</b>			<b>\$1,515.79</b>			<b>\$1,901.89</b>		

  

	Grand Total - Base Data		
	DD	PD	FE
Exposure Months	2,338	5,945	248
<b>Acute &amp; Primary Services</b>			
Inpatient Hospital	\$464.13	\$699.04	\$1,252.98
Outpatient Hospital	114.82	209.88	229.17
Pharmacy	616.05	978.52	950.64
Dental	41.28	41.54	28.64
Other Acute & Primary	224.28	356.66	298.33
Grand Total	\$1,460.56	\$2,285.63	\$2,759.76
<b>Composite PMPM</b>	<b>\$2,073.33</b>		

**Exhibit B1**  
**Wisconsin Department of Health Services**  
**CY 2018 Partnership/PACE Capitation Rate Development**  
**Summary of 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
Inpatient Hospital	0-44	\$4.86	\$16.26	\$650.78	\$650.78	\$186.16	\$31.42	\$650.78	\$650.78	N/A	N/A	N/A	N/A
	45-54	3.05	9.80	650.78	650.78	36.41	20.64	650.78	650.78	N/A	N/A	N/A	N/A
	55-64	18.37	10.73	650.78	650.78	22.33	27.53	650.78	650.78	N/A	N/A	N/A	N/A
	65-74	5.70	12.99	650.78	650.78	32.12	10.99	650.78	650.78	21.56	30.20	650.78	650.78
	75-84	0.00	2.29	650.78	650.78	0.00	0.00	650.78	650.78	16.03	19.90	650.78	650.78
	85+	0.00	0.00	650.78	650.78	0.00	0.00	650.78	650.78	27.14	15.69	650.78	650.78
Outpatient Hospital	0-44	\$4.48	\$16.27	\$184.39	\$184.39	\$23.84	\$24.92	\$184.39	\$184.39	N/A	N/A	N/A	N/A
	45-54	5.63	5.51	184.39	184.39	67.48	15.37	184.39	184.39	N/A	N/A	N/A	N/A
	55-64	5.12	10.23	184.39	184.39	19.11	14.55	184.39	184.39	N/A	N/A	N/A	N/A
	65-74	3.59	1.88	184.39	184.39	71.54	19.46	184.39	184.39	30.12	19.34	184.39	184.39
	75-84	6.78	1.34	184.39	184.39	0.00	0.00	184.39	184.39	26.57	8.06	184.39	184.39
	85+	0.00	0.00	184.39	184.39	0.00	0.00	184.39	184.39	3.91	4.06	184.39	184.39
Pharmacy	0-44	\$1.89	\$4.12	\$878.38	\$878.38	\$7.95	\$30.72	\$878.38	\$878.38	N/A	N/A	N/A	N/A
	45-54	2.63	15.09	878.38	878.38	7.08	11.86	878.38	878.38	N/A	N/A	N/A	N/A
	55-64	2.20	6.28	878.38	878.38	14.04	16.03	878.38	878.38	N/A	N/A	N/A	N/A
	65-74	3.46	7.76	878.38	878.38	7.94	4.81	878.38	878.38	6.23	11.01	878.38	878.38
	75-84	1.44	16.45	878.38	878.38	0.00	0.00	878.38	878.38	6.10	10.18	878.38	878.38
	85+	13.94	0.00	878.38	878.38	0.00	0.00	878.38	878.38	19.78	7.15	878.38	878.38
Dental	0-44	\$43.00	\$28.48	\$41.09	\$41.09	\$30.44	\$42.55	\$41.09	\$41.09	N/A	N/A	N/A	N/A
	45-54	52.31	50.37	41.09	41.09	55.51	38.13	41.09	41.09	N/A	N/A	N/A	N/A
	55-64	34.12	16.93	41.09	41.09	29.31	35.66	41.09	41.09	N/A	N/A	N/A	N/A
	65-74	12.73	31.97	41.09	41.09	43.09	38.70	41.09	41.09	29.10	34.16	41.09	41.09
	75-84	42.75	4.08	41.09	41.09	0.00	0.00	41.09	41.09	21.09	26.96	41.09	41.09
	85+	0.00	0.00	41.09	41.09	0.00	0.00	41.09	41.09	23.51	19.27	41.09	41.09
Other Acute & Primary	0-44	\$32.23	\$62.65	\$318.68	\$318.68	\$67.45	\$59.75	\$318.68	\$318.68	N/A	N/A	N/A	N/A
	45-54	43.63	35.34	318.68	318.68	51.52	66.26	318.68	318.68	N/A	N/A	N/A	N/A
	55-64	39.05	35.89	318.68	318.68	52.16	48.93	318.68	318.68	N/A	N/A	N/A	N/A
	65-74	41.20	37.27	318.68	318.68	90.10	68.35	318.68	318.68	55.37	56.63	318.68	318.68
	75-84	34.59	24.28	318.68	318.68	0.00	0.00	318.68	318.68	51.35	48.88	318.68	318.68
	85+	17.74	0.00	318.68	318.68	0.00	0.00	318.68	318.68	42.71	44.92	318.68	318.68
<b>Total</b>	<b>0-44</b>	<b>\$86.45</b>	<b>\$127.78</b>	<b>\$2,073.33</b>	<b>\$2,073.33</b>	<b>\$315.85</b>	<b>\$189.36</b>	<b>\$2,073.33</b>	<b>\$2,073.33</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
	<b>45-54</b>	<b>107.25</b>	<b>116.12</b>	<b>2,073.33</b>	<b>2,073.33</b>	<b>218.01</b>	<b>152.25</b>	<b>2,073.33</b>	<b>2,073.33</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
	<b>55-64</b>	<b>98.86</b>	<b>80.05</b>	<b>2,073.33</b>	<b>2,073.33</b>	<b>136.94</b>	<b>142.70</b>	<b>2,073.33</b>	<b>2,073.33</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
	<b>65-74</b>	<b>66.68</b>	<b>91.87</b>	<b>2,073.33</b>	<b>2,073.33</b>	<b>244.78</b>	<b>142.30</b>	<b>2,073.33</b>	<b>2,073.33</b>	<b>142.39</b>	<b>151.34</b>	<b>2,073.33</b>	<b>2,073.33</b>
	<b>75-84</b>	<b>85.55</b>	<b>48.44</b>	<b>2,073.33</b>	<b>2,073.33</b>	<b>0.00</b>	<b>0.00</b>	<b>2,073.33</b>	<b>2,073.33</b>	<b>121.13</b>	<b>113.98</b>	<b>2,073.33</b>	<b>2,073.33</b>
	<b>85+</b>	<b>31.69</b>	<b>0.00</b>	<b>2,073.33</b>	<b>2,073.33</b>	<b>0.00</b>	<b>0.00</b>	<b>2,073.33</b>	<b>2,073.33</b>	<b>117.05</b>	<b>91.09</b>	<b>2,073.33</b>	<b>2,073.33</b>
<b>Grand Total</b>		<b>\$93.93</b>		<b>\$2,073.33</b>		<b>\$161.39</b>		<b>\$2,073.33</b>		<b>\$119.78</b>		<b>\$2,073.33</b>	

**Exhibit B2**  
**Wisconsin Department of Health Services**  
**CY 2018 Partnership/PACE Capitation Rate Development**  
**Summary of Trended and Completed 2018 Acute & Primary Services Costs by Rate Cell**  
**Dual Eligible and Medicaid Only Populations**

Service Category	Age Group	Developmentally Disabled				Physically Disabled				Frail Elderly			
		Dual		Medicaid Only		Dual		Medicaid Only		Dual		Medicaid Only	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Inpatient Hospital	0-44	\$5.08	\$17.02	\$681.04	\$681.04	\$194.86	\$32.89	\$681.04	\$681.04	N/A	N/A	N/A	N/A
	45-54	3.19	10.26	681.04	681.04	38.11	21.60	681.04	681.04	N/A	N/A	N/A	N/A
	55-64	19.23	11.23	681.04	681.04	23.37	28.82	681.04	681.04	N/A	N/A	N/A	N/A
	65-74	5.97	13.60	681.04	681.04	33.62	11.50	681.04	681.04	22.57	31.61	681.04	681.04
	75-84	0.00	2.39	681.04	681.04	0.00	0.00	681.04	681.04	16.77	20.83	681.04	681.04
	85+	0.00	0.00	681.04	681.04	0.00	0.00	681.04	681.04	28.41	16.42	681.04	681.04
Outpatient Hospital	0-44	\$4.87	\$17.71	\$200.65	\$200.65	\$25.94	\$27.11	\$200.65	\$200.65	N/A	N/A	N/A	N/A
	45-54	6.13	6.00	200.65	200.65	73.44	16.72	200.65	200.65	N/A	N/A	N/A	N/A
	55-64	5.57	11.13	200.65	200.65	20.79	15.83	200.65	200.65	N/A	N/A	N/A	N/A
	65-74	3.90	2.05	200.65	200.65	77.85	21.18	200.65	200.65	32.78	21.05	200.65	200.65
	75-84	7.37	1.46	200.65	200.65	0.00	0.00	200.65	200.65	28.91	8.77	200.65	200.65
	85+	0.00	0.00	200.65	200.65	0.00	0.00	200.65	200.65	4.26	4.42	200.65	200.65
Pharmacy	0-44	\$1.96	\$4.29	\$1,043.61	\$1,043.61	\$8.28	\$31.97	\$1,043.61	\$1,043.61	N/A	N/A	N/A	N/A
	45-54	2.74	15.70	1,043.61	1,043.61	7.37	12.34	1,043.61	1,043.61	N/A	N/A	N/A	N/A
	55-64	2.29	6.53	1,043.61	1,043.61	14.61	16.68	1,043.61	1,043.61	N/A	N/A	N/A	N/A
	65-74	3.60	8.07	1,043.61	1,043.61	8.26	5.00	1,043.61	1,043.61	6.48	11.46	1,043.61	1,043.61
	75-84	1.49	17.11	1,043.61	1,043.61	0.00	0.00	1,043.61	1,043.61	6.35	10.59	1,043.61	1,043.61
	85+	14.51	0.00	1,043.61	1,043.61	0.00	0.00	1,043.61	1,043.61	20.58	7.44	1,043.61	1,043.61
Dental	0-44	\$45.01	\$29.82	\$43.01	\$43.01	\$31.86	\$44.54	\$43.01	\$43.01	N/A	N/A	N/A	N/A
	45-54	54.75	52.72	43.01	43.01	58.10	39.91	43.01	43.01	N/A	N/A	N/A	N/A
	55-64	35.71	17.72	43.01	43.01	30.68	37.32	43.01	43.01	N/A	N/A	N/A	N/A
	65-74	13.32	33.47	43.01	43.01	45.10	40.51	43.01	43.01	30.46	35.76	43.01	43.01
	75-84	44.74	4.27	43.01	43.01	0.00	0.00	43.01	43.01	22.07	28.22	43.01	43.01
	85+	0.00	0.00	43.01	43.01	0.00	0.00	43.01	43.01	24.61	20.17	43.01	43.01
Other Acute & Primary	0-44	\$33.74	\$65.58	\$333.58	\$333.58	\$70.61	\$62.54	\$333.58	\$333.58	N/A	N/A	N/A	N/A
	45-54	45.67	37.00	333.58	333.58	53.93	69.36	333.58	333.58	N/A	N/A	N/A	N/A
	55-64	40.87	37.57	333.58	333.58	54.59	51.22	333.58	333.58	N/A	N/A	N/A	N/A
	65-74	43.12	39.01	333.58	333.58	94.31	71.55	333.58	333.58	57.96	59.28	333.58	333.58
	75-84	36.21	25.42	333.58	333.58	0.00	0.00	333.58	333.58	53.75	51.16	333.58	333.58
	85+	18.57	0.00	333.58	333.58	0.00	0.00	333.58	333.58	44.70	47.02	333.58	333.58
<b>Total</b>	<b>0-44</b>	<b>\$90.67</b>	<b>\$134.41</b>	<b>\$2,301.89</b>	<b>\$2,301.89</b>	<b>\$331.55</b>	<b>\$199.05</b>	<b>\$2,301.89</b>	<b>\$2,301.89</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
	<b>45-54</b>	<b>112.48</b>	<b>121.68</b>	<b>2,301.89</b>	<b>2,301.89</b>	<b>230.95</b>	<b>159.93</b>	<b>2,301.89</b>	<b>2,301.89</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
	<b>55-64</b>	<b>103.68</b>	<b>84.18</b>	<b>2,301.89</b>	<b>2,301.89</b>	<b>144.05</b>	<b>149.87</b>	<b>2,301.89</b>	<b>2,301.89</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
	<b>65-74</b>	<b>69.92</b>	<b>96.20</b>	<b>2,301.89</b>	<b>2,301.89</b>	<b>259.14</b>	<b>149.73</b>	<b>2,301.89</b>	<b>2,301.89</b>	<b>150.25</b>	<b>159.15</b>	<b>2,301.89</b>	<b>2,301.89</b>
	<b>75-84</b>	<b>89.82</b>	<b>50.65</b>	<b>2,301.89</b>	<b>2,301.89</b>	<b>0.00</b>	<b>0.00</b>	<b>2,301.89</b>	<b>2,301.89</b>	<b>127.86</b>	<b>119.58</b>	<b>2,301.89</b>	<b>2,301.89</b>
	<b>85+</b>	<b>33.08</b>	<b>0.00</b>	<b>2,301.89</b>	<b>2,301.89</b>	<b>0.00</b>	<b>0.00</b>	<b>2,301.89</b>	<b>2,301.89</b>	<b>122.56</b>	<b>95.47</b>	<b>2,301.89</b>	<b>2,301.89</b>
<b>Grand Total</b>		<b>\$98.55</b>		<b>\$2,301.89</b>		<b>\$169.82</b>		<b>\$2,301.89</b>		<b>\$125.88</b>		<b>\$2,301.89</b>	

**Exhibit C**  
**Wisconsin Department of Health Services**  
**CY 2016 Partnership/PACE Capitation Rate Development**  
**Summary of 2016 Projected Member Months by MCO/GSR and Age Group**  
**Dual Eligible and Medicaid 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	30	36	21	42	0	41	16	0	0	0	0	0
	45-54	36	36	0	0	0	16	19	5	0	0	0	0
	55-64	24	12	0	6	48	5	9	0	0	0	0	0
	65-74	0	11	0	0	0	0	0	0	46	90	0	0
	75-84	12	0	0	0	0	0	0	0	50	127	0	14
	85+	0	0	0	0	0	0	0	0	62	195	1	0
Care WI (GSR 5)	0-44	57	22	98	78	13	30	6	1	0	0	0	0
	45-54	40	78	10	15	27	93	3	32	0	0	0	0
	55-64	98	38	5	13	142	153	17	51	0	0	0	0
	65-74	40	106	0	13	0	10	0	3	135	136	0	0
	75-84	0	63	0	0	0	0	0	0	148	322	0	0
	85+	13	0	0	0	0	0	0	0	94	361	0	0
Care WI (GSR 6)	0-44	0	0	0	0	0	0	0	0	0	0	0	0
	45-54	0	0	0	0	0	5	0	2	0	0	0	0
	55-64	0	35	0	0	24	0	0	0	0	0	0	0
	65-74	0	0	0	0	0	0	0	0	0	0	0	0
	75-84	0	0	0	0	0	0	0	0	0	45	0	0
	85+	0	0	0	0	0	0	0	0	0	21	0	3
Care WI (GSR 12)	0-44	56	99	87	86	155	364	152	209	0	0	0	0
	45-54	67	137	19	60	451	703	214	302	0	0	0	0
	55-64	88	213	81	90	795	1,511	300	596	0	0	0	0
	65-74	119	158	0	0	63	106	16	40	739	1,740	14	48
	75-84	0	73	0	15	0	0	0	0	685	1,982	25	22
	85+	15	0	0	0	0	0	0	0	377	1,980	1	33
iCare (GSR 3)	0-44	0	0	0	0	0	0	0	0	0	0	0	0
	45-54	0	0	0	0	0	0	0	0	0	0	0	0
	55-64	0	0	0	0	0	0	0	0	0	0	0	0
	65-74	0	0	0	0	0	0	0	0	0	0	0	0
	75-84	0	0	0	0	0	0	0	0	0	0	0	0
	85+	0	0	0	0	0	0	0	0	0	0	0	0
iCare (GSR 8)	0-44	199	187	354	199	74	72	133	117	0	0	0	0
	45-54	97	61	42	12	174	317	199	515	0	0	0	0
	55-64	111	130	15	51	623	905	422	1,027	0	0	0	0
	65-74	15	21	8	11	37	117	14	50	421	1,119	0	33
	75-84	0	11	0	0	0	0	0	0	148	585	0	14
	85+	0	0	0	0	0	0	0	0	39	189	0	0
iCare (GSR 11)	0-44	0	15	26	0	0	11	0	21	0	0	0	0
	45-54	0	12	0	12	21	44	19	17	0	0	0	0
	55-64	12	0	12	0	17	24	6	9	0	0	0	0
	65-74	0	12	0	0	11	2	0	0	19	55	0	0
	75-84	0	0	0	0	0	0	0	0	15	17	0	0
	85+	0	0	0	0	0	0	0	0	0	70	0	1
iCare (GSR 12)	0-44	0	0	0	0	20	42	0	1	0	0	0	0
	45-54	15	0	0	0	68	100	8	61	0	0	0	0
	55-64	9	41	22	0	121	182	74	87	0	0	0	0
	65-74	0	0	0	0	13	2	0	0	75	171	0	0
	75-84	0	0	0	0	0	0	0	0	87	152	0	0
	85+	0	0	0	0	0	0	0	0	48	94	0	0
CCHP - PACE (GSR 8+)	0-44	0	0	0	0	0	0	0	0	0	0	0	0
	45-54	0	0	0	0	0	0	0	0	0	0	0	0
	55-64	120	56	11	22	180	190	130	157	0	0	0	0
	65-74	185	127	1	11	64	75	2	2	486	963	4	34
	75-84	34	0	0	0	0	0	0	0	403	1,076	0	1
	85+	0	0	0	0	0	0	0	0	120	2,500	0	12
CCHP (GSR 6)	0-44	35	35	35	24	0	22	12	12	0	0	0	0
	45-54	59	52	0	12	71	23	12	33	0	0	0	0
	55-64	0	40	0	0	75	124	36	70	0	0	0	0
	65-74	12	12	0	0	4	0	0	0	111	202	0	0
	75-84	11	0	0	0	0	0	0	0	89	132	0	0
	85+	0	0	0	0	0	0	0	0	44	119	0	0
CCHP (GSR 8)	0-44	174	93	270	166	22	31	63	39	0	0	0	0
	45-54	104	30	83	18	79	83	69	108	0	0	0	0
	55-64	82	59	39	25	104	189	105	127	0	0	0	0
	65-74	25	13	0	0	8	26	0	0	57	123	0	0
	75-84	0	13	0	0	0	0	0	0	75	149	0	0
	85+	0	0	0	0	0	0	0	0	74	37	0	0
CCHP (GSR 10)	0-44	28	19	22	42	36	0	0	13	0	0	0	0
	45-54	42	20	10	9	25	10	28	20	0	0	0	0
	55-64	30	25	4	0	66	71	28	29	0	0	0	0
	65-74	32	3	0	0	28	17	0	0	128	177	0	0
	75-84	0	0	10	0	0	0	0	0	91	214	0	0
	85+	0	0	0	0	0	0	0	0	71	201	0	0
CCHP (GSR 11)	0-44	40	52	14	17	8	0	12	0	0	0	0	0
	45-54	0	1	21	13	23	37	30	40	0	0	0	0
	55-64	104	104	37	26	69	142	57	49	0	0	0	0
	65-74	39	97	13	0	4	6	5	0	97	144	0	0
	75-84	13	17	0	0	0	0	0	0	186	198	0	1
	85+	0	0	0	0	0	0	0	0	95	215	0	1
<b>Total</b>	0-44	<b>630</b>	<b>559</b>	<b>997</b>	<b>633</b>	<b>338</b>	<b>613</b>	<b>393</b>	<b>414</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	45-54	<b>469</b>	<b>427</b>	<b>185</b>	<b>151</b>	<b>938</b>	<b>1,431</b>	<b>600</b>	<b>1,135</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	55-64	<b>678</b>	<b>753</b>	<b>226</b>	<b>231</b>	<b>2,264</b>	<b>3,497</b>	<b>1,183</b>	<b>2,202</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	65-74	<b>468</b>	<b>560</b>	<b>22</b>	<b>35</b>	<b>233</b>	<b>360</b>	<b>37</b>	<b>95</b>	<b>2,313</b>	<b>4,920</b>	<b>18</b>	<b>115</b>
	75-84	<b>70</b>	<b>177</b>	<b>10</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,976</b>	<b>4,998</b>	<b>25</b>	<b>52</b>
	85+	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,024</b>	<b>5,982</b>	<b>1</b>	<b>49</b>

**Exhibit D1**  
**Wisconsin Department of Health Services**  
**CY 2018 Partnership/PACE Capitation Rate Development**  
**Acute and Primary Services Rate Development**  
**Dual Eligible Population**

	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Inpatient Hospital	\$19.81	\$20.42	\$17.99	\$25.25	\$19.81	\$25.90	\$23.25	\$27.30	\$20.29	\$21.93	\$22.13	\$25.88	\$20.79
Outpatient Hospital	12.72	13.28	11.19	17.50	12.72	19.42	20.46	20.89	12.87	19.21	16.94	17.24	14.58
Pharmacy	10.42	10.26	9.76	11.28	10.42	10.97	10.47	11.93	8.86	10.29	9.55	9.50	9.29
Dental	30.95	29.97	24.93	31.46	30.95	34.55	33.98	33.20	26.43	34.03	35.70	30.67	28.83
Other Acute & Primary	50.55	49.44	48.10	53.41	50.55	54.74	55.84	54.88	51.22	51.97	50.99	52.88	49.77
<b>Total Acute &amp; Primary Services</b>	<b>\$124.45</b>	<b>\$123.36</b>	<b>\$111.97</b>	<b>\$138.90</b>	<b>\$124.45</b>	<b>\$145.58</b>	<b>\$144.01</b>	<b>\$148.20</b>	<b>\$119.67</b>	<b>\$137.43</b>	<b>\$135.30</b>	<b>\$136.18</b>	<b>\$123.25</b>
CY 2018 Member Months	875	2,219	129	12,684	0	5,651	356	1,239	6,579	1,272	1,651	1,334	1,692

Exhibit D2  
Wisconsin Department of Health Services  
CY 2018 Partnership/PACE Capitation Rate Development  
Acute and Primary Services Rate Development  
Medicaid Only Population

	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
HCC Adjustment Factor	1.1000	0.9000	1.1000	0.9880	1.1000	0.9830	0.9573	1.1000	1.1000	1.1000	1.0180	0.9409	1.0391
Inpatient Hospital	\$749.14	\$612.94	\$749.14	\$672.90	\$749.14	\$669.43	\$651.98	\$749.14	\$749.14	\$749.14	\$693.27	\$640.76	\$707.66
Outpatient Hospital	220.72	180.59	220.72	198.25	220.72	197.23	192.09	220.72	220.72	220.72	204.26	188.79	208.50
Pharmacy	1,147.97	939.25	1,147.97	1,031.13	1,147.97	1,025.82	999.07	1,147.97	1,147.97	1,147.97	1,062.35	981.89	1,084.39
Dental	47.32	38.71	47.32	42.50	47.32	42.28	41.18	47.32	47.32	47.32	43.79	40.47	44.70
Other Acute & Primary	366.94	300.22	366.94	329.59	366.94	327.90	319.35	366.94	366.94	366.94	339.57	313.85	346.62
<b>Total Acute &amp; Primary Services</b>	<b>\$2,532.08</b>	<b>\$2,071.70</b>	<b>\$2,532.08</b>	<b>\$2,274.37</b>	<b>\$2,532.08</b>	<b>\$2,262.66</b>	<b>\$2,203.66</b>	<b>\$2,532.08</b>	<b>\$2,532.08</b>	<b>\$2,532.08</b>	<b>\$2,343.23</b>	<b>\$2,165.77</b>	<b>\$2,391.86</b>
CY 2018 Member Months	132	344	5	2,370	0	3,215	121	253	386	246	1,111	214	335

Exhibit D3  
 Wisconsin Department of Health Services  
 CY 2018 Partnership/PACE Capitation Rate Development  
 Acute and Primary Services Rate Development  
 Total Population

	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
Inpatient Hospital	\$115.48	\$99.87	\$46.52	\$127.23	\$115.48	\$259.25	\$182.98	\$149.70	\$60.72	\$139.77	\$292.05	\$110.91	\$134.32
Outpatient Hospital	40.00	35.71	19.37	45.96	40.00	83.90	64.06	54.77	24.40	51.87	92.27	40.96	46.63
Pharmacy	159.64	134.82	54.18	171.86	159.64	378.96	261.62	204.56	72.05	194.66	432.97	143.96	187.00
Dental	33.10	31.14	25.81	33.20	33.10	37.35	35.81	35.59	27.59	36.18	38.95	32.03	31.45
Other Acute & Primary	92.05	83.07	60.54	96.90	92.05	153.79	122.79	107.79	68.73	103.01	167.05	88.97	98.84
<b>Total Acute &amp; Primary Services</b>	<b>\$440.28</b>	<b>\$384.61</b>	<b>\$206.42</b>	<b>\$475.15</b>	<b>\$440.28</b>	<b>\$913.25</b>	<b>\$667.25</b>	<b>\$552.42</b>	<b>\$253.49</b>	<b>\$525.49</b>	<b>\$1,023.29</b>	<b>\$416.83</b>	<b>\$498.23</b>
CY 2018 Member Months	1,007	2,563	135	15,054	0	8,866	478	1,492	6,965	1,518	2,762	1,548	2,027



## EXHIBITS E – G

### Capitation Rate Development – Long Term Care Services

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**State of Wisconsin Department of Health Services**  
CY 2018 Capitation Rate Development for Family Care Partnership / PACE Program

December 1, 2017

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 2018 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 2018 Partnership/PACE Capitation Rate Development  
 Functional Screen Regression Model of 2015-2016 PMPM for Family Care Nursing Home Population  
 Developmentally Disabled

Variable	Family Care Statewide Estimate	p-Value	Incremental Partial R <sup>2</sup>	R-Squared	
				Proportion with Variable	Incremental Increase
<b>Intercept (Grid Component)</b>	0.00			100.0%	0.00
<b>DD/NH Level of Care (Grid Component)</b>					
DD1A	396.43	0.0000	0.01%	2.9%	11.43
Dual Enrollee	260.81	0.0000	0.04%	72.6%	189.26
High Cost (4 Parameters)	941.24	0.0000	0.03%	1.3%	12.36
Vent Dependent	6,837.85	0.0000	0.05%	0.1%	3.74
<b>Number of IADLs (Grid Component)</b>					
IADL_1	0.00	0.0000	0.00%	1.1%	0.00
IADL_2	141.63	0.0000	0.02%	5.9%	8.42
IADL_3	314.84	0.0000	0.04%	12.7%	39.96
IADL_4	631.10	0.0000	0.08%	17.0%	107.02
IADL_5	1,031.22	0.0000	0.09%	29.8%	307.65
IADL_6	1,281.88	0.0000	0.04%	33.5%	429.25
<b>Specific ADLs / Equipment Used (Add-On)</b>					
Eating_2	342.09	0.0000	0.06%	22.0%	75.26
Transfer_2	707.05	0.0000	0.11%	14.1%	99.63
<b>Interaction Terms (Add-On)</b>					
Behaviors_Autism	537.35	0.0000	0.03%	4.2%	22.33
Dress_Bath	550.09	0.0000	0.32%	39.9%	219.33
Other Federal DD_Anxiety	262.26	0.0000	0.01%	4.8%	12.48
Injury_Overnight	982.79	0.0000	0.11%	4.0%	39.62
Injury_Overnight_Age Under 30	1,173.56	0.0000	0.15%	1.1%	13.32
Mental Retardation_Bipolar	362.45	0.0000	0.01%	5.8%	20.91
Mental Retardation_Other Mental Illness	354.09	0.0000	0.02%	16.6%	58.78
Overnight_Age Under 30	301.11	0.0000	0.04%	5.1%	15.37
Overnight_Mental Illness	646.14	0.0000	0.09%	8.7%	56.24
Overnight_Mental Illness_Age Under 30	2,052.33	0.0000	0.48%	1.8%	36.13
Transfer_Equip_Mobility	517.24	0.0000	0.06%	5.1%	26.15
Trauma BI Post-22_Depression	432.68	0.0000	0.01%	2.7%	11.48
<b>Behavioral Variables (Add-On)</b>					
Cognition_3	410.71	0.0000	0.43%	26.2%	107.67
Injury_1	313.14	0.0000	0.02%	5.4%	17.06
Injury_2	403.91	0.0000	0.02%	5.7%	22.96
Mental Health_2	227.22	0.0000	0.40%	55.4%	125.85
Offensive_1	400.33	0.0000	0.07%	9.4%	37.56
Offensive_2	894.11	0.0000	0.28%	10.6%	94.58
Offensive_3	2,059.83	0.0000	1.28%	9.8%	202.33
Resistive_1	427.40	0.0000	1.54%	8.5%	36.38
Wander_2	1,354.93	0.0000	0.89%	3.9%	52.68
<b>Medication Use (Add-On)</b>					
Meds_2B	533.61	0.0000	2.20%	69.0%	367.95
<b>Health Related Services (Add-On)</b>					
Exercise	306.92	0.0000	0.30%	11.6%	35.66
Ostomy	812.40	0.0000	0.03%	0.5%	4.34
Overnight	468.70	0.0000	8.36%	76.6%	358.83
Reposition	465.15	0.0000	2.95%	6.7%	31.19
Tracheostomy	2,743.12	0.0000	0.15%	0.2%	5.83
Urinary	668.98	0.0000	0.08%	0.8%	5.59
<b>Diagnoses (Add-On)</b>					
Brain Injury Pre-22	160.17	0.0000	1.05%	6.7%	10.75
Mental Retardation	247.29	0.0000	28.91%	71.8%	177.47
<b>Incidents</b>					
Incidents_0	0.00	0.0000	0.00%	96.0%	0.00
Incidents_1	849.06	0.0000	2.15%	2.8%	23.36
Incidents_2	1,489.25	0.0000	0.72%	0.7%	10.02
Incidents_3+	1,955.14	0.0000	0.91%	0.6%	11.96

Exhibit E2 Wisconsin Department of Health Services CY 2018 Partnership/PACE Capitation Rate Development Functional Screen Regression Model of 2015-2016 PMPM for Family Care Nursing Home Population Physically Disabled					
Variable	Family Care		Incremental Partial R <sup>2</sup>	R-Squared	Incremental Increase
	Statewide Estimate	p-Value		50.5%	
<b>Intercept (Grid Component)</b>	651.44			100.0%	651.44
<b>DD/NH Level of Care (Grid Component)</b>					
SNF	418.23	0.0000	0.35%	24.2%	101.13
Vent Dependent	5,201.32	0.0000	0.80%	0.5%	25.20
<b>Number of IADLs (Grid Component)</b>					
IADL_1	0.00	0.0000	0.00%	15.5%	0.00
IADL_2	144.78	0.0000	0.04%	19.6%	28.33
IADL_3	312.31	0.0000	0.13%	18.6%	58.18
IADL_4	482.59	0.0000	0.21%	17.1%	82.32
IADL_5	778.87	0.0000	0.43%	20.4%	158.88
IADL_6	864.03	0.0000	0.04%	8.9%	76.88
<b>Specific ADLs / Equipment Used (Add-On)</b>					
Bathing_2	266.24	0.0000	0.34%	35.7%	95.03
Toileting_1	42.67	0.0000	0.01%	30.2%	12.90
Transfer_2	829.70	0.0000	1.84%	20.3%	168.29
<b>Interaction Terms (Add-On)</b>					
Dress_Bath	208.38	0.0000	0.59%	62.8%	130.92
Injury_Overnight	1,025.39	0.0000	0.09%	0.3%	2.74
Injury_Overnight_Mental_Age Under 30	7,060.44	0.0000	0.12%	0.0%	0.69
Offensive_2_Mobility_1_Age 60 and Under	528.14	0.0000	0.02%	0.5%	2.58
Overnight_Alzheimers_Dementia_Decision Making	315.99	0.0000	0.24%	18.2%	57.40
Overnight_Mental Illness	471.28	0.0000	0.51%	6.5%	30.84
Spinal Injury_Alcohol/Drug Abuse	578.62	0.0000	0.03%	0.6%	3.32
Transfer_Equip_Mobility	564.94	0.0000	0.71%	5.9%	33.34
Trauma BI Post-22_Exercise	2,748.68	0.0000	0.10%	0.0%	0.84
Trauma BI Post-22_Other Mental Illness	366.42	0.0000	0.05%	1.0%	3.64
Vent Dependent_Tracheostomy	5,066.64	0.0000	1.48%	0.2%	7.95
<b>Behavioral Variables (Add-On)</b>					
Alcohol Drug Abuse	176.70	0.0000	0.09%	17.2%	30.36
Mental Health_2	114.61	0.0000	0.13%	71.7%	82.13
Offensive_1	591.34	0.0000	0.29%	2.8%	16.52
Offensive_2	847.11	0.0000	0.79%	2.3%	19.51
Offensive_3	1,771.17	0.0000	1.33%	1.3%	22.79
Wander_2	585.30	0.0000	0.62%	1.3%	7.59
<b>Medication Use (Add-On)</b>					
Meds_2B	241.45	0.0000	2.36%	39.2%	94.64
<b>Health Related Services (Add-On)</b>					
Exercise	254.93	0.0000	0.59%	11.1%	28.19
Overnight	275.70	0.0000	7.03%	54.7%	150.82
Reposition	702.74	0.0000	15.75%	8.4%	59.25
Respirate	145.00	0.0000	0.36%	6.8%	9.85
Tracheostomy	4,111.63	0.0000	6.97%	0.8%	31.14
Ulcer Stage 2-3-4	956.65	0.0000	0.76%	3.2%	31.05
Urinary	504.97	0.0000	0.74%	2.8%	14.26
Wound	348.58	0.0000	0.62%	4.1%	14.36
<b>Diagnoses (Add-On)</b>					
Alzheimers	156.55	0.0000	3.07%	11.2%	17.51
<b>Incidents</b>					
Incidents_0	0.00	0.0000	0.00%	97.2%	0.00
Incidents_1	586.22	0.0000	0.35%	2.1%	12.34
Incidents_2+	1,190.44	0.0000	0.48%	0.7%	7.97

Exhibit E3 Wisconsin Department of Health Services CY 2018 Partnership/PACE Capitation Rate Development Functional Screen Regression Model of 2015-2016 PMPM for Family Care Nursing Home Population Frail Elderly						
					R-Squared	39.6%
Variable	Family Care Statewide Estimate	p-Value	Incremental Partial R <sup>2</sup>	Proportion with Variable	Incremental Increase	
<b>Intercept (Grid Component)</b>	623.12			100.0%	623.12	
<b>DD/NH Level of Care (Grid Component)</b>						
SNF	385.55	0.0000	0.64%	23.7%	91.38	
Vent Dependent	2,908.11	0.0000	0.06%	0.1%	2.62	
<b>Number of IADLs (Grid Component)</b>						
IADL_1	0.00	0.0000	0.00%	7.0%	0.00	
IADL_2	232.48	0.0000	0.08%	11.8%	27.45	
IADL_3	425.81	0.0000	0.18%	13.0%	55.55	
IADL_4-5-6	674.87	0.0000	0.35%	68.2%	460.16	
<b>Specific ADLs / Equipment Used (Add-On)</b>						
Transfer_2	639.00	0.0000	1.72%	28.1%	179.30	
<b>Interaction Terms (Add-On)</b>						
Dress_Bath	155.83	0.0000	0.95%	75.6%	117.76	
Dress_Toilet	334.16	0.0000	1.81%	56.4%	188.30	
Injury_Overnight	752.76	0.0000	0.04%	0.1%	1.12	
Overnight_Mental Illness	412.05	0.0000	0.40%	5.3%	21.77	
Transfer_Equip_Mobility	668.80	0.0000	1.88%	7.6%	50.90	
Trauma BI Post-22_Other Mental Illness	801.80	0.0000	0.06%	0.3%	2.18	
<b>Behavioral Variables (Add-On)</b>						
Alcohol Drug Abuse	225.81	0.0000	0.04%	5.1%	11.51	
Cognition_2	49.98	0.0000	0.01%	25.5%	12.73	
Mental Health_2	156.76	0.0000	0.22%	57.5%	90.16	
Offensive_1-2	290.97	0.0000	0.42%	5.4%	15.85	
Offensive_3	503.06	0.0000	0.39%	1.4%	7.08	
Wander_2	90.24	0.0000	0.16%	3.0%	2.72	
<b>Medication Use (Add-On)</b>						
Meds_2B	187.35	0.0000	1.36%	65.4%	122.43	
<b>Health Related Services (Add-On)</b>						
Exercise	140.23	0.0000	0.48%	9.3%	12.98	
Med Management	70.89	0.0000	2.09%	25.4%	18.01	
Mental Illness	148.19	0.0000	0.75%	15.1%	22.32	
Overnight	355.79	0.0000	7.65%	73.7%	262.05	
Reposition	407.48	0.0000	8.10%	8.2%	33.26	
Respirate	124.50	0.0000	0.32%	8.1%	10.09	
Tracheostomy	2,457.40	0.0000	0.22%	0.1%	2.41	
Ulcer Stage 3-4	652.85	0.0000	0.23%	0.7%	4.44	
<b>Diagnoses (Add-On)</b>						
Alzheimers	198.63	0.0000	8.85%	40.7%	80.82	
<b>Incidents</b>						
Incidents_0	0.00	0.0000	0.00%	99.1%	0.00	
Incidents_1+	308.92	0.0000	0.09%	0.9%	2.69	

Exhibit F1 Wisconsin Department of Health Services CY 2018 Partnership/PACE Capitation Rate Development MCO/GSR Functional Screen Attribute Distribution for Family Care Partnership/PACE - June 2017 Enrollment Developmentally Disabled														
Variable	Statewide Estimate	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
<b>Intercept (Grid Component)</b>	0.00	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>DD/NH Level of Care (Grid Component)</b>														
DD1A	396.43	13.0%	5.3%	0.0%	0.7%	13.0%	1.3%	0.0%	0.0%	0.0%	3.0%	0.9%	3.6%	1.8%
Dual Enrollee	260.81	73.9%	74.7%	100.0%	75.5%	73.9%	55.9%	50.0%	80.0%	92.0%	72.7%	52.3%	78.6%	77.6%
High Cost (4 Parameters)	941.24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%	0.0%	0.0%
Vent Dependent	6,837.85	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.9%	0.0%	0.0%
<b>Number of IADLs (Grid Component)</b>														
IADL_1	0.00	4.3%	2.7%	0.0%	6.6%	4.3%	1.3%	0.0%	0.0%	0.0%	3.0%	0.9%	0.0%	3.5%
IADL_2	141.63	0.0%	4.0%	33.3%	4.0%	0.0%	3.8%	11.1%	0.0%	5.3%	0.0%	0.0%	3.6%	3.5%
IADL_3	314.84	21.7%	6.7%	33.3%	10.6%	21.7%	14.0%	0.0%	0.0%	5.3%	15.2%	4.4%	7.1%	10.6%
IADL_4	631.10	8.7%	13.3%	0.0%	29.2%	8.7%	23.4%	38.9%	80.0%	40.3%	12.1%	10.6%	28.6%	12.4%
IADL_5	1,031.22	39.1%	25.3%	33.3%	38.3%	39.1%	29.4%	11.1%	20.0%	33.3%	42.4%	39.2%	14.3%	31.8%
IADL_6	1,281.88	26.1%	48.0%	0.0%	11.3%	26.1%	28.1%	38.9%	0.0%	16.0%	27.3%	44.9%	46.4%	38.2%
<b>Specific ADLs / Equipment Used (Add-On)</b>														
Eating_2	342.09	21.7%	48.0%	0.0%	12.5%	21.7%	15.3%	0.0%	0.0%	7.0%	18.2%	22.4%	14.3%	20.6%
Transfer_2	707.05	17.4%	41.3%	0.0%	21.8%	17.4%	16.6%	0.0%	0.0%	25.5%	12.1%	21.1%	17.9%	25.9%
<b>Interaction Terms (Add-On)</b>														
Behaviors_Autism	537.35	4.3%	5.3%	0.0%	0.0%	4.3%	0.6%	0.0%	0.0%	1.8%	0.0%	14.1%	3.6%	0.0%
Dress_Bath	550.09	65.2%	65.3%	66.7%	72.7%	65.2%	39.6%	44.4%	80.0%	71.0%	39.4%	49.7%	60.7%	61.2%
Other Federal DD_Anxiety	262.26	13.0%	8.0%	0.0%	10.6%	13.0%	5.1%	0.0%	0.0%	0.0%	6.1%	1.8%	10.7%	1.8%
Injury_Overnight	982.79	0.0%	1.3%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	9.7%	0.0%	0.0%
Injury_Overnight_Age Under 30	1,173.56	0.0%	1.3%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	1.8%	0.0%	0.0%
Mental Retardation_Bipolar	362.45	4.3%	2.7%	0.0%	0.7%	4.3%	3.2%	0.0%	0.0%	8.8%	6.1%	7.9%	3.6%	12.4%
Mental Retardation_Other Mental Illness	354.09	8.7%	13.3%	33.3%	4.0%	8.7%	12.1%	22.2%	0.0%	7.0%	6.1%	15.0%	0.0%	26.5%
Overnight_Age Under 30	301.11	4.3%	6.7%	0.0%	1.3%	4.3%	7.7%	0.0%	0.0%	0.0%	3.0%	9.7%	14.3%	0.0%
Overnight_Mental Illness	646.14	8.7%	20.0%	0.0%	5.3%	8.7%	5.7%	0.0%	0.0%	31.5%	9.1%	24.6%	10.7%	10.6%
Overnight_Mental Illness_Age Under 30	2,052.33	4.3%	2.7%	0.0%	0.0%	4.3%	1.3%	0.0%	0.0%	0.0%	0.0%	4.4%	3.6%	0.0%
Transfer_Equip_Mobility	517.24	8.7%	20.0%	0.0%	8.6%	8.7%	5.7%	0.0%	0.0%	8.0%	3.0%	6.2%	10.7%	10.0%
Trauma BI Post-22_Depression	432.68	4.3%	12.0%	0.0%	14.6%	4.3%	13.2%	0.0%	60.0%	8.8%	9.1%	10.6%	7.1%	17.6%
<b>Behavioral Variables (Add-On)</b>														
Cognition_3	410.71	17.4%	45.3%	0.0%	6.6%	17.4%	30.0%	11.1%	0.0%	17.5%	15.2%	46.6%	35.7%	20.6%
Injury_1	313.14	4.3%	5.3%	0.0%	2.0%	4.3%	2.6%	0.0%	0.0%	0.0%	6.1%	6.5%	7.1%	0.0%
Injury_2	403.91	0.0%	6.7%	0.0%	0.7%	0.0%	3.2%	0.0%	0.0%	2.7%	3.0%	7.1%	10.7%	0.0%
Mental Health_2	227.22	69.6%	65.3%	100.0%	79.7%	69.6%	63.0%	72.2%	80.0%	66.7%	81.8%	70.4%	71.4%	86.5%
Offensive_1	400.33	26.1%	9.3%	0.0%	2.7%	26.1%	5.7%	0.0%	0.0%	3.5%	12.1%	8.4%	7.1%	3.5%
Offensive_2	894.11	8.7%	9.3%	0.0%	3.3%	8.7%	1.9%	11.1%	0.0%	5.3%	15.2%	15.9%	3.6%	1.8%
Offensive_3	2,059.83	4.3%	8.0%	0.0%	0.0%	4.3%	2.6%	0.0%	0.0%	5.3%	0.0%	22.4%	7.1%	5.3%
Resistive_1	427.40	4.3%	8.0%	0.0%	2.0%	4.3%	3.2%	0.0%	0.0%	3.5%	3.0%	11.4%	0.0%	3.5%
Wander_2	1,354.93	0.0%	4.0%	0.0%	2.0%	0.0%	3.8%	0.0%	0.0%	1.8%	3.0%	11.4%	0.0%	0.0%
<b>Medication Use (Add-On)</b>														
Meds_2B	533.61	78.3%	74.7%	0.0%	64.2%	78.3%	68.7%	77.8%	40.0%	93.0%	75.8%	90.3%	82.1%	84.1%
<b>Health Related Services (Add-On)</b>														
Exercise	306.92	52.2%	34.7%	0.0%	28.5%	52.2%	5.1%	0.0%	0.0%	8.0%	3.0%	11.4%	7.1%	0.0%
Ostomy	812.40	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%
Overnight	468.70	82.6%	80.0%	66.7%	72.7%	82.6%	63.8%	66.7%	40.0%	91.2%	69.7%	92.1%	92.9%	78.8%
Reposition	465.15	13.0%	25.3%	0.0%	9.9%	13.0%	7.0%	0.0%	0.0%	11.5%	6.1%	7.1%	14.3%	7.1%
Tracheostomy	2,743.12	0.0%	0.0%	0.0%	1.2%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	1.8%	3.6%	0.0%
Urinary	668.98	8.7%	0.0%	0.0%	1.2%	8.7%	0.6%	0.0%	0.0%	3.5%	3.0%	0.9%	3.6%	1.8%
<b>Diagnoses (Add-On)</b>														
Brain Injury Pre-22	160.17	13.0%	9.3%	0.0%	8.0%	13.0%	7.7%	11.1%	0.0%	7.0%	3.0%	5.3%	17.9%	5.3%
Mental Retardation	247.29	43.5%	54.7%	33.3%	13.9%	43.5%	51.1%	66.7%	0.0%	49.0%	42.4%	60.0%	39.3%	54.7%
<b>Incidents</b>														
Incidents_0	0.00	100.0%	97.3%	100.0%	98.7%	100.0%	98.1%	88.9%	100.0%	96.5%	100.0%	88.5%	96.4%	98.2%
Incidents_1	849.06	0.0%	2.7%	0.0%	1.3%	0.0%	1.3%	11.1%	0.0%	1.8%	0.0%	8.8%	0.0%	1.8%
Incidents_2	1,489.25	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	1.8%	0.0%	2.6%	0.0%	0.0%
Incidents_3+	1,955.14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%	0.0%
<b>Developmentally Disabled Base Composite</b>	<b>\$3,638.37</b>	<b>\$3,733.84</b>	<b>\$4,436.40</b>	<b>\$1,863.58</b>	<b>\$2,969.17</b>	<b>\$3,733.84</b>	<b>\$3,078.32</b>	<b>\$2,641.40</b>	<b>\$2,202.16</b>	<b>\$3,650.44</b>	<b>\$3,075.59</b>	<b>\$4,983.13</b>	<b>\$3,872.27</b>	<b>\$3,544.18</b>
Implied Risk Score	1.0262	1.2193	0.8161	1.0262	0.8161	1.0262	0.8461	0.7260	0.6053	1.0033	0.8453	1.3696	1.0643	0.9741
Program Acuity Adjustment	1.0257	1.0257	1.0257	1.0257	1.0257	1.0257	1.0257	1.0257	1.0257	1.0257	1.0257	1.0257	1.0257	1.0257
Final Risk Score	1.0527	1.2507	0.5254	1.0527	0.8371	1.0527	0.8679	0.7447	0.6206	1.0292	0.8671	1.4049	1.0917	0.9992
2018 Projected MM		264	786	35	1420		0	1526	99	67	328	1193	296	610

Exhibit F2 Wisconsin Department of Health Services CY 2018 Partnership/PACE Capitation Rate Development MCO/GSR Functional Screen Attribute Distribution for Family Care Partnership/PACE - June 2017 Enrollment Physically Disabled														
Variable	Statewide Estimate	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
<b>Intercept (Grid Component)</b>	651.44	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>DD/NH Level of Care (Grid Component)</b>														
SNF	418.23	36.4%	22.0%	0.0%	17.6%	36.4%	11.0%	35.7%	16.5%	26.7%	30.6%	34.4%	14.8%	25.9%
Vent Dependent	5,201.32	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Number of IADLs (Grid Component)</b>														
IADL_1	0.00	0.0%	12.2%	50.0%	12.2%	0.0%	21.2%	21.4%	9.8%	6.7%	5.6%	7.9%	7.4%	17.3%
IADL_2	144.78	45.5%	22.0%	0.0%	20.4%	45.5%	22.0%	28.6%	28.1%	13.3%	11.1%	15.3%	25.9%	14.4%
IADL_3	312.31	9.1%	19.5%	50.0%	26.4%	9.1%	19.5%	14.3%	22.1%	11.7%	38.9%	11.9%	14.8%	25.9%
IADL_4	482.59	0.0%	17.1%	0.0%	18.1%	0.0%	14.8%	7.1%	19.3%	13.3%	16.7%	17.2%	14.8%	21.6%
IADL_5	778.87	27.3%	24.4%	0.0%	15.9%	27.3%	15.1%	28.6%	12.4%	33.3%	22.2%	29.1%	22.2%	15.1%
IADL_6	864.03	18.2%	4.9%	0.0%	7.0%	18.2%	7.4%	0.0%	8.2%	21.7%	5.6%	18.5%	14.8%	5.8%
<b>Specific ADLs / Equipment Used (Add-On)</b>														
Bathing_2	266.24	45.5%	53.7%	50.0%	43.8%	45.5%	25.7%	21.4%	40.0%	36.7%	11.1%	38.4%	18.5%	25.9%
Toileting_1	42.67	90.9%	29.3%	0.0%	40.8%	90.9%	29.1%	35.7%	25.8%	43.3%	44.4%	41.7%	18.5%	33.1%
Transfer_2	829.70	0.0%	22.0%	0.0%	21.0%	0.0%	15.3%	14.3%	16.3%	20.0%	16.7%	33.1%	18.5%	8.6%
<b>Interaction Terms (Add-On)</b>														
Dress_Bath	208.38	72.7%	61.0%	50.0%	76.3%	72.7%	64.7%	85.7%	62.9%	75.0%	66.7%	76.2%	51.9%	55.4%
Injury_Overnight	1,025.39	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%
Injury_Overnight_Mental_Age Under 30	7,060.44	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Offensive_2_Mobility_1_Age 60 and Under	528.14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	0.0%	0.0%
Overnight_Alzheimers_Dementia_Decision Making	315.99	36.4%	17.1%	0.0%	11.0%	36.4%	10.1%	0.0%	6.0%	43.3%	22.2%	38.4%	22.2%	21.6%
Overnight_Mental Illness	471.28	9.1%	9.8%	0.0%	5.0%	9.1%	1.9%	0.0%	5.0%	8.3%	5.6%	18.5%	3.7%	5.8%
Spinal Injury_Alcohol/Drug Abuse	578.62	0.0%	0.0%	0.0%	1.1%	0.0%	0.5%	0.0%	0.0%	1.7%	0.0%	2.6%	0.0%	0.0%
Transfer_Equip_Mobility	564.94	0.0%	4.9%	0.0%	6.6%	0.0%	4.1%	7.1%	9.2%	6.7%	8.3%	9.3%	7.4%	2.9%
Trauma BI Post-22_Exercise	2,748.68	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Trauma BI Post-22_Other Mental Illness	366.42	0.0%	0.0%	0.0%	0.2%	0.0%	0.5%	0.0%	2.0%	0.0%	0.0%	1.3%	0.0%	0.0%
Vent Dependent_Tracheostomy	5,066.64	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Behavioral Variables (Add-On)</b>														
Alcohol Drug Abuse	176.70	27.3%	43.9%	50.0%	27.4%	27.3%	15.9%	21.4%	29.9%	38.3%	25.0%	35.7%	37.0%	43.1%
Mental Health_2	114.61	72.7%	87.8%	0.0%	78.7%	72.7%	71.6%	85.7%	80.3%	83.3%	88.9%	73.5%	81.5%	91.4%
Offensive_1	591.34	9.1%	4.9%	0.0%	2.2%	9.1%	0.1%	0.0%	3.2%	0.0%	0.0%	0.0%	3.7%	0.0%
Offensive_2	847.11	0.0%	0.0%	0.0%	1.7%	0.0%	0.3%	0.0%	2.0%	3.3%	0.0%	4.0%	0.0%	2.9%
Offensive_3	1,771.17	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%	0.0%	5.3%	0.0%	0.9%
Wander_2	585.30	18.2%	0.0%	0.0%	1.1%	18.2%	0.3%	0.0%	0.0%	1.7%	2.8%	2.6%	0.0%	0.0%
<b>Medication Use (Add-On)</b>														
Meds_2B	241.45	36.4%	24.4%	0.0%	24.0%	36.4%	27.1%	7.1%	14.5%	71.7%	55.6%	55.6%	44.4%	48.2%
<b>Health Related Services (Add-On)</b>														
Exercise	254.93	36.4%	31.7%	0.0%	21.0%	36.4%	3.7%	7.1%	12.2%	11.7%	16.7%	14.6%	7.4%	0.0%
Overnight	275.70	54.5%	58.5%	50.0%	62.8%	54.5%	31.1%	14.3%	43.2%	70.0%	52.8%	82.8%	55.6%	47.5%
Reposition	702.74	0.0%	12.2%	0.0%	8.9%	0.0%	5.5%	7.1%	6.2%	10.0%	11.1%	15.9%	11.1%	0.0%
Respirate	145.00	0.0%	9.8%	0.0%	7.9%	0.0%	2.2%	0.0%	2.0%	3.3%	8.3%	7.9%	3.7%	5.8%
Tracheostomy	4,111.63	0.0%	0.0%	0.0%	0.6%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%
Ulcer Stage 2-3-4	956.65	9.1%	2.4%	0.0%	3.8%	9.1%	2.3%	7.1%	6.0%	6.7%	5.6%	5.3%	0.0%	5.8%
Urinary	504.97	0.0%	2.4%	0.0%	2.4%	0.0%	1.1%	0.0%	5.2%	5.0%	8.3%	1.3%	0.0%	0.0%
Wound	348.58	0.0%	7.3%	0.0%	3.6%	0.0%	0.8%	14.3%	4.0%	6.7%	8.3%	5.3%	0.0%	2.9%
<b>Diagnoses (Add-On)</b>														
Alzheimers	156.55	36.4%	9.8%	0.0%	6.1%	36.4%	6.6%	7.1%	8.0%	21.7%	13.9%	15.9%	11.1%	18.7%
<b>Incidents</b>														
Incidents_0	0.00	100.0%	100.0%	100.0%	98.9%	100.0%	99.4%	100.0%	100.0%	100.0%	100.0%	98.7%	92.6%	97.1%
Incidents_1	586.22	0.0%	0.0%	0.0%	1.1%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	1.3%	7.4%	2.9%
Incidents_2+	1,190.44	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Physically Disabled Base Composite</b>	<b>\$2,234.16</b>	<b>\$2,502.85</b>	<b>\$2,426.95</b>	<b>\$1,271.11</b>	<b>\$2,311.88</b>	<b>\$2,502.85</b>	<b>\$1,832.53</b>	<b>\$1,944.04</b>	<b>\$2,100.48</b>	<b>\$2,869.07</b>	<b>\$2,408.16</b>	<b>\$3,162.95</b>	<b>\$2,222.58</b>	<b>\$2,086.96</b>
Implied Risk Score		1.1203	1.0863	0.5689	1.0348	1.1203	0.8202	0.8701	0.9402	1.2842	1.0779	1.4157	0.9948	0.9341
Program Acuity Adjustment		0.9764	0.9764	0.9764	0.9764	0.9764	0.9764	0.9764	0.9764	0.9764	0.9764	0.9764	0.9764	0.9764
Final Risk Score		1.0938	1.0607	0.5555	1.0104	1.0938	0.8009	0.8496	0.9180	1.2539	1.0524	1.3823	0.9713	0.9121
2018 Projected MM		159	581	31	5987	0	4794	202	779	800	494	1054	370	480

Exhibit F3 Wisconsin Department of Health Services CY 2018 Partnership/PACE Capitation Rate Development MCO/GSR Functional Screen Attribute Distribution for Family Care Partnership/PACE - June 2017 Enrollment Frail Elderly														
Variable	Statewide Estimate	Care WI (GSR 3)	Care WI (GSR 5)	Care WI (GSR 6)	Care WI (GSR 12)	iCare (GSR 3)	iCare (GSR 8)	iCare (GSR 11)	iCare (GSR 12)	CCHP - PACE (GSR 8+)	CCHP (GSR 6)	CCHP (GSR 8)	CCHP (GSR 10)	CCHP (GSR 11)
<b>Intercept (Grid Component)</b>	623.12	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>DD/NH Level of Care (Grid Component)</b>														
SNF	385.55	34.9%	28.4%	25.0%	20.1%	34.9%	15.0%	36.4%	11.1%	21.7%	25.2%	23.7%	25.4%	30.2%
Vent Dependent	2,908.11	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Number of IADLs (Grid Component)</b>														
IADL_1	0.00	9.3%	6.3%	0.0%	8.6%	9.3%	22.3%	9.1%	14.8%	6.4%	1.9%	7.9%	7.5%	7.2%
IADL_2	232.48	18.5%	9.0%	25.0%	12.9%	18.5%	20.1%	27.3%	14.3%	7.0%	9.7%	13.2%	12.0%	11.5%
IADL_3	425.81	14.0%	8.6%	0.0%	16.3%	14.0%	26.6%	9.1%	15.4%	14.3%	13.6%	13.2%	17.9%	14.4%
IADL_4-5-6	674.87	58.2%	76.1%	75.0%	62.2%	58.2%	31.0%	54.5%	55.5%	72.3%	74.8%	65.8%	62.6%	66.9%
<b>Specific ADLs / Equipment Used (Add-On)</b>														
Transfer_2	639.00	32.6%	31.6%	25.0%	25.6%	32.6%	11.1%	45.5%	22.2%	26.6%	26.4%	21.1%	22.4%	30.2%
<b>Interaction Terms (Add-On)</b>														
Dress_Bath	155.83	76.7%	82.7%	75.0%	79.0%	76.7%	63.0%	81.8%	73.5%	75.7%	65.8%	68.4%	62.6%	60.5%
Dress_Toilet	334.16	83.7%	74.5%	50.0%	60.8%	83.7%	33.4%	63.6%	51.3%	59.4%	53.5%	68.4%	47.6%	51.8%
Injury_Overnight	752.76	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Overnight_Mental Illness	412.05	2.3%	11.6%	0.0%	6.0%	2.3%	1.5%	9.1%	3.7%	12.5%	13.6%	7.9%	9.0%	5.8%
Transfer_Equip_Mobility	668.80	11.6%	11.4%	0.0%	8.1%	11.6%	2.4%	9.1%	11.1%	8.6%	14.8%	5.3%	7.5%	8.6%
Trauma BI Post-22_Other Mental Illness	801.80	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Behavioral Variables (Add-On)</b>														
Alcohol Drug Abuse	225.81	9.3%	21.2%	0.0%	13.0%	9.3%	8.7%	9.1%	22.8%	8.3%	9.7%	21.1%	13.2%	15.8%
Cognition_2	49.98	23.3%	39.9%	0.0%	25.1%	23.3%	15.0%	27.3%	25.9%	30.8%	41.9%	39.5%	23.9%	23.0%
Mental Health_2	156.76	65.2%	63.7%	100.0%	65.6%	65.2%	52.3%	63.6%	59.3%	56.1%	84.5%	55.3%	62.5%	60.5%
Offensive_1-2	290.97	18.6%	11.3%	25.0%	3.6%	18.6%	2.4%	9.1%	0.0%	2.0%	5.8%	5.3%	4.5%	2.9%
Offensive_3	503.06	0.0%	2.3%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	2.4%	1.9%	0.0%	3.0%	0.0%
Wander_2	90.24	4.7%	3.4%	25.0%	2.7%	4.7%	1.0%	0.0%	0.0%	1.1%	1.9%	2.6%	4.5%	0.0%
<b>Medication Use (Add-On)</b>														
Meds_2B	187.35	62.9%	74.9%	75.0%	56.3%	62.9%	36.8%	54.5%	52.4%	74.4%	76.8%	63.2%	73.1%	69.8%
<b>Health Related Services (Add-On)</b>														
Exercise	140.23	41.9%	37.3%	0.0%	17.9%	41.9%	2.9%	9.1%	0.0%	7.3%	3.9%	2.6%	4.5%	1.4%
Med Management	70.89	25.6%	23.0%	25.0%	26.0%	25.6%	22.8%	54.5%	14.8%	29.8%	27.1%	28.9%	29.9%	24.5%
Mental Illness	148.19	2.3%	19.5%	75.0%	20.9%	2.3%	18.9%	18.2%	29.1%	27.0%	48.4%	23.7%	23.6%	21.6%
Overnight	355.79	81.4%	87.6%	75.0%	72.6%	81.4%	32.5%	72.7%	52.4%	84.2%	74.8%	86.8%	76.1%	79.8%
Reposition	407.48	18.6%	10.3%	0.0%	6.5%	18.6%	2.4%	45.5%	11.1%	13.6%	14.8%	15.8%	4.5%	8.6%
Respirate	124.50	18.5%	7.9%	0.0%	9.8%	18.5%	1.9%	27.3%	0.0%	8.8%	5.8%	5.3%	7.6%	13.0%
Tracheostomy	2,457.40	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Ulcer Stage 3-4	652.85	2.3%	0.0%	0.0%	0.3%	2.3%	1.5%	9.1%	0.0%	1.1%	3.9%	2.6%	1.5%	0.0%
<b>Diagnoses (Add-On)</b>														
Alzheimers	198.63	34.9%	55.3%	25.0%	35.4%	34.9%	26.2%	54.5%	33.3%	52.3%	43.8%	34.2%	49.2%	49.6%
<b>Incidents</b>														
Incidents_0	0.00	100.0%	100.0%	100.0%	99.2%	100.0%	99.5%	100.0%	96.3%	99.6%	100.0%	100.0%	98.5%	100.0%
Incidents_1+	308.92	0.0%	0.0%	0.0%	0.8%	0.0%	0.5%	0.0%	3.7%	0.4%	0.0%	0.0%	1.5%	0.0%
<b>Frail Elderly Base Composite</b>	<b>\$2,516.09</b>	<b>\$2,812.93</b>	<b>\$2,933.07</b>	<b>\$2,565.43</b>	<b>\$2,504.77</b>	<b>\$2,812.93</b>	<b>\$1,778.59</b>	<b>\$2,948.95</b>	<b>\$2,274.92</b>	<b>\$2,704.87</b>	<b>\$2,800.23</b>	<b>\$2,596.79</b>	<b>\$2,516.38</b>	<b>\$2,587.96</b>
Implied Risk Score	1.1180	1.1657	1.0196	0.9955	1.1180	0.7069	1.1720	0.9041	1.0750	1.1129	1.0321	1.0001	1.0286	1.0286
Program Acuity Adjustment	1.0073	1.0073	1.0073	1.0073	1.0073	1.0073	1.0073	1.0073	1.0073	1.0073	1.0073	1.0073	1.0073	1.0073
Final Risk Score	1.1261	1.1742	1.0271	1.0028	1.1261	0.7120	1.1806	0.9108	1.0829	1.1211	1.0396	1.0074	1.0361	1.0361
2018 Projected MM	585	1196	69	7647	2547	176	626	5598	696	515	882	937		

**Exhibit G1**  
 Wisconsin Department of Health Services  
 CY 2018 Partnership/PACE Capitation Rate Development  
 Development of Service Portion of LTC Rate

DD Development	2018 Exposure Months	MCO/GSR Specific Base Rate Development			Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	Projection to CY 2018					
		2018 FC Regression Results					2018 DD Adjustment Factors					
		FC Statewide DD Base Costs	FCP Risk Score - June 2017 Enrollment	MCO/GSR Specific Risk Adjusted Rate			Two-Year Utilization Trend	Two-Year Unit Cost Trend	Two-Year Acuity Trend	Wage Index	Personal Care Rate Increase	Projected Per Capita Monthly Costs
Care WI (GSR 3)	264	\$3,556.13	1.0527	\$3,743.41	\$100.81	\$3,844.23	0.9943	0.9965	1.0323	0.9625	1.0001	\$3,784.87
Care WI (GSR 5)	766	3,556.13	1.2507	4,447.77	100.81	4,548.58	0.9943	0.9965	1.0323	0.9879	1.0001	4,598.23
Care WI (GSR 6)	35	3,556.13	0.5254	1,868.35	100.81	1,969.17	0.9943	0.9965	1.0323	1.0171	1.0001	2,048.78
Care WI (GSR 12)	1,420	3,556.13	0.8371	2,976.78	100.81	3,077.60	0.9943	0.9965	1.0323	1.0503	1.0001	3,206.33
iCare (GSR 3)	0	3,556.13	1.0527	3,743.41	100.81	3,844.23	0.9943	0.9965	1.0323	0.9625	1.0001	3,784.87
iCare (GSR 8)	1,526	3,556.13	0.8679	3,086.21	100.81	3,187.02	0.9943	0.9965	1.0323	1.0171	1.0001	3,315.87
iCare (GSR 11)	99	3,556.13	0.7447	2,648.17	100.81	2,748.99	0.9943	0.9965	1.0323	1.0211	1.0001	2,871.10
iCare (GSR 12)	87	3,556.13	0.6208	2,207.80	100.81	2,308.61	0.9943	0.9965	1.0323	1.0503	1.0001	2,480.20
CCHP - PACE (GSR 8+)	567	3,556.13	1.0292	3,659.80	100.81	3,760.61	0.9943	0.9965	1.0323	1.0171	1.0001	3,912.65
CCHP (GSR 6)	328	3,556.13	0.8671	3,083.47	100.81	3,184.28	0.9943	0.9965	1.0323	1.0171	1.0001	3,313.02
CCHP (GSR 8)	1,193	3,556.13	1.4049	4,995.90	100.81	5,096.71	0.9943	0.9965	1.0323	1.0171	1.0001	5,302.78
CCHP (GSR 10)	296	3,556.13	1.0917	3,882.19	100.81	3,983.01	0.9943	0.9965	1.0323	0.9750	1.0001	3,972.34
CCHP (GSR 11)	610	3,556.13	0.9992	3,553.27	100.81	3,654.08	0.9943	0.9965	1.0323	1.0211	1.0001	3,816.40
<b>Total DD Cohort</b>	<b>7,212</b>	<b>\$3,556.13</b>	<b>1.0257</b>	<b>\$3,647.69</b>	<b>\$100.81</b>	<b>\$3,748.51</b>	<b>0.9943</b>	<b>0.9965</b>	<b>1.0323</b>	<b>1.0154</b>	<b>1.0001</b>	<b>\$3,893.17</b>

  

PD Development	2018 Exposure Months	MCO/GSR Specific Base Rate Development			Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	Projection to CY 2018					
		2018 FC Regression Results					2018 PD Adjustment Factors					
		FC Statewide PD Base Costs	FCP Risk Score - June 2017 Enrollment	MCO/GSR Specific Risk Adjusted Rate			Two-Year Utilization Trend	Two-Year Unit Cost Trend	Two-Year Acuity Trend	Wage Index	Personal Care Rate Increase	Projected Per Capita Monthly Costs
Care WI (GSR 3)	159	\$2,383.11	1.0938	\$2,606.72	\$100.81	\$2,707.53	0.9913	1.0083	1.0201	0.9625	1.0003	\$2,657.85
Care WI (GSR 5)	581	2,383.11	1.0607	2,527.66	100.81	2,628.48	0.9913	1.0083	1.0201	0.9879	1.0003	2,648.17
Care WI (GSR 6)	31	2,383.11	0.5555	1,323.86	100.81	1,424.68	0.9913	1.0083	1.0201	1.0171	1.0003	1,477.89
Care WI (GSR 12)	5,987	2,383.11	1.0104	2,407.83	100.81	2,508.64	0.9913	1.0083	1.0201	1.0503	1.0003	2,687.12
iCare (GSR 3)	0	2,383.11	1.0938	2,606.72	100.81	2,707.53	0.9913	1.0083	1.0201	0.9625	1.0003	2,657.85
iCare (GSR 8)	4,794	2,383.11	0.8009	2,009.39	100.81	2,109.39	0.9913	1.0083	1.0201	1.0171	1.0003	2,084.45
iCare (GSR 11)	202	2,383.11	0.8496	2,024.71	100.81	2,125.52	0.9913	1.0083	1.0201	1.0211	1.0003	2,213.38
iCare (GSR 12)	779	2,383.11	0.9180	2,187.65	100.81	2,288.46	0.9913	1.0083	1.0201	1.0503	1.0003	2,451.28
CCHP - PACE (GSR 8+)	800	2,383.11	1.2539	2,988.14	100.81	3,088.95	0.9913	1.0083	1.0201	1.0171	1.0003	3,204.34
CCHP (GSR 6)	494	2,383.11	1.0524	2,508.09	100.81	2,608.90	0.9913	1.0083	1.0201	1.0171	1.0003	2,706.36
CCHP (GSR 8)	1,054	2,383.11	1.3823	3,294.21	100.81	3,395.02	0.9913	1.0083	1.0201	1.0171	1.0003	3,521.85
CCHP (GSR 10)	370	2,383.11	0.9713	2,314.82	100.81	2,415.63	0.9913	1.0083	1.0201	0.9750	1.0003	2,402.04
CCHP (GSR 11)	480	2,383.11	0.9121	2,173.57	100.81	2,274.38	0.9913	1.0083	1.0201	1.0211	1.0003	2,368.39
<b>Total PD Cohort</b>	<b>15,730</b>	<b>\$2,383.11</b>	<b>0.9764</b>	<b>\$2,326.88</b>	<b>\$100.81</b>	<b>\$2,427.69</b>	<b>0.9913</b>	<b>1.0083</b>	<b>1.0201</b>	<b>1.0291</b>	<b>1.0003</b>	<b>\$2,548.00</b>

  

FE Development	2018 Exposure Months	MCO/GSR Specific Base Rate Development			Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	Projection to CY 2018					
		2018 FC Regression Results					2018 FE Adjustment Factors					
		FC Statewide FE Base Costs	FCP Risk Score - June 2017 Enrollment	MCO/GSR Specific Risk Adjusted Rate			Two-Year Utilization Trend	Two-Year Unit Cost Trend	Two-Year Acuity Trend	Wage Index	Personal Care Rate Increase	Projected Per Capita Monthly Costs
Care WI (GSR 3)	585	\$2,533.16	1.1261	\$2,852.70	\$100.81	\$2,953.51	0.9971	1.0196	1.0241	0.9625	1.0001	\$2,959.94
Care WI (GSR 5)	1,196	2,533.16	1.1742	2,974.54	100.81	3,075.35	0.9971	1.0196	1.0241	0.9879	1.0001	3,163.18
Care WI (GSR 6)	69	2,533.16	1.0271	2,601.70	100.81	2,702.51	0.9971	1.0196	1.0241	1.0171	1.0001	2,862.10
Care WI (GSR 12)	7,647	2,533.16	1.0028	2,540.18	100.81	2,640.99	0.9971	1.0196	1.0241	1.0503	1.0001	2,888.05
iCare (GSR 3)	0	2,533.16	1.1261	2,852.70	100.81	2,953.51	0.9971	1.0196	1.0241	0.9625	1.0001	2,959.94
iCare (GSR 8)	2,547	2,533.16	0.7120	1,803.73	100.81	1,904.54	0.9971	1.0196	1.0241	1.0171	1.0001	2,017.01
iCare (GSR 11)	176	2,533.16	1.1806	2,990.64	100.81	3,091.45	0.9971	1.0196	1.0241	1.0211	1.0001	3,286.56
iCare (GSR 12)	626	2,533.16	0.9108	2,307.08	100.81	2,407.89	0.9971	1.0196	1.0241	1.0503	1.0001	2,633.15
CCHP - PACE (GSR 8+)	5,598	2,533.16	1.0829	2,743.11	100.81	2,843.92	0.9971	1.0196	1.0241	1.0171	1.0001	3,011.86
CCHP (GSR 6)	696	2,533.16	1.1211	2,839.82	100.81	2,940.63	0.9971	1.0196	1.0241	1.0171	1.0001	3,114.28
CCHP (GSR 8)	515	2,533.16	1.0396	2,633.50	100.81	2,734.31	0.9971	1.0196	1.0241	1.0171	1.0001	2,895.77
CCHP (GSR 10)	882	2,533.16	1.0074	2,551.95	100.81	2,652.77	0.9971	1.0196	1.0241	0.9750	1.0001	2,693.01
CCHP (GSR 11)	937	2,533.16	1.0361	2,624.54	100.81	2,725.36	0.9971	1.0196	1.0241	1.0211	1.0001	2,897.36
<b>Total FE Cohort</b>	<b>21,474</b>	<b>\$2,533.16</b>	<b>1.0073</b>	<b>\$2,551.66</b>	<b>\$100.81</b>	<b>\$2,652.47</b>	<b>0.9971</b>	<b>1.0196</b>	<b>1.0241</b>	<b>1.0247</b>	<b>1.0001</b>	<b>\$2,829.98</b>

  

Composite Development	2018 Exposure Months	MCO/GSR Specific Base Rate Development			Partnership Add-On Amount	Total MCO/GSR Specific Risk Adjusted Rate	Projection to CY 2018					
		2018 FC Regression Results					2018 Composite Adjustment Factors					
		FC Statewide Composite Base Costs	FCP Risk Score - June 2017 Enrollment	MCO/GSR Specific Risk Adjusted Rate			Two-Year Utilization Trend	Two-Year Unit Cost Trend	Two-Year Acuity Trend	Wage Index	Personal Care Rate Increase	Projected Per Capita Monthly Costs
Care WI (GSR 3)	1,007	\$2,777.51	1.0971	\$3,047.27	\$100.81	\$3,148.08	0.9954	1.0107	1.0262	0.9625	1.0001	\$3,128.42
Care WI (GSR 5)	2,563	2,812.94	1.1821	3,325.17	100.81	3,425.98	0.9949	1.0082	1.0267	0.9879	1.0001	3,486.05
Care WI (GSR 6)	135	2,766.23	0.7658	2,118.35	100.81	2,219.16	0.9956	1.0126	1.0254	1.0171	1.0001	2,333.56
Care WI (GSR 12)	15,054	2,570.00	0.9839	2,528.73	100.81	2,629.54	0.9946	1.0128	1.0235	1.0503	1.0001	2,847.60
iCare (GSR 3)	0	2,777.51	1.0971	3,047.27	100.81	3,148.08	0.9954	1.0107	1.0262	0.9625	1.0001	3,128.42
iCare (GSR 8)	8,866	2,628.09	0.7919	2,181.94	100.81	2,282.75	0.9935	1.0082	1.0242	1.0171	1.0002	2,377.01
iCare (GSR 11)	478	2,682.68	0.9361	2,511.33	100.81	2,612.14	0.9945	1.0107	1.0245	1.0211	1.0001	2,746.75
iCare (GSR 12)	1,492	2,514.37	0.8905	2,239.77	100.81	2,339.77	0.9905	1.0125	1.0226	1.0503	1.0002	2,529.30
CCHP - PACE (GSR 8+)	6,965	2,599.20	1.0949	2,845.89	100.81	2,946.70	0.9961	1.0158	1.0245	1.0171	1.0001	3,107.30
CCHP (GSR 6)	1,518	2,705.28	1.0293	2,784.49	100.81	2,885.30	0.9947	1.0108	1.0249	1.0171	1.0001	3,024.46
CCHP (GSR 8)	2,762	2,917.91	1.3387	3,906.20	100.81	4,007.02	0.9937	1.0032	1.0273	1.0171	1.0001	4,174.54
CCHP (GSR 10)	1,548	2,692.84	1.0211	2,749.56	100.81	2,850.37	0.9952	1.0111	1.0255	0.9750	1.0001	2,868.02
CCHP (GSR 11)	2,027	2,805.36	0.9970	2,797.07	100.81	2,897.88	0.9950	1.0087	1.0264	1.0211	1.0001	3,048.49
<b>Grand Total</b>	<b>44,416</b>	<b>\$2,646.12</b>	<b>1.0015</b>	<b>\$2,650.01</b>	<b>\$100.81</b>	<b>\$2,750.83</b>	<b>0.9947</b>	<b>1.0110</b>	<b>1.0247</b>	<b>1.0240</b>	<b>1.0001</b>	<b>\$2,902.74</b>

**Exhibit G2**  
**Wisconsin Department of Health Services**  
**CY 2018 Partnership/PACE Capitation Rate Development**  
**Development of Service Portion of LTC Rate**

(A) DD Development	(B) Application of HCRP			(C) = (A) + (B)	(D) Market Variability Adjustment	(E) = (C) x (D) 2018 LTC Service Costs
	Projected Per Capita Monthly Costs	HCRP Pooled Claims	Projected Per Capita Monthly LTC Costs w/ HCRP			
Care WI (GSR 3)	\$3,784.87	\$81.77	\$3,866.64	0.9450	\$3,653.97	
Care WI (GSR 5)	4,596.23	81.77	4,678.00	0.9450	4,420.71	
Care WI (GSR 6)	2,048.78	81.77	2,130.55	0.9450	2,013.37	
Care WI (GSR 12)	3,306.33	81.77	3,388.10	0.9450	3,201.75	
iCare (GSR 3)	3,784.87	81.77	3,866.64	1.0000	3,866.64	
iCare (GSR 8)	3,315.87	81.77	3,397.64	1.0000	3,397.64	
iCare (GSR 11)	2,871.10	81.77	2,952.87	1.0000	2,952.87	
iCare (GSR 12)	2,480.20	81.77	2,561.97	1.0000	2,561.97	
CCHP - PACE (GSR 8+)	3,912.65	81.77	3,994.42	1.0000	3,994.42	
CCHP (GSR 6)	3,313.02	81.77	3,394.79	1.0000	3,394.79	
CCHP (GSR 8)	5,302.78	81.77	5,384.55	1.0000	5,384.55	
CCHP (GSR 10)	3,972.34	81.77	4,054.11	1.0000	4,054.11	
CCHP (GSR 11)	3,816.40	81.77	3,898.17	1.0000	3,898.17	
<b>Total DD Cohort</b>	<b>\$3,893.17</b>	<b>\$81.77</b>	<b>\$3,974.94</b>	<b>0.9816</b>	<b>\$3,901.85</b>	

(A) PD Development	(B) Application of HCRP			(C) = (A) + (B)	(D) Market Variability Adjustment	(E) = (C) x (D) 2018 LTC Service Costs
	Projected Per Capita Monthly Costs	HCRP Pooled Claims	Projected Per Capita Monthly LTC Costs w/ HCRP			
Care WI (GSR 3)	\$2,657.85	\$20.35	\$2,678.20	0.9450	\$2,530.90	
Care WI (GSR 5)	2,648.17	20.35	2,668.52	0.9450	2,521.75	
Care WI (GSR 6)	1,477.89	20.35	1,498.24	0.9450	1,415.84	
Care WI (GSR 12)	2,687.12	20.35	2,707.47	0.9450	2,558.56	
iCare (GSR 3)	2,657.85	20.35	2,678.20	1.0000	2,678.20	
iCare (GSR 8)	2,084.45	20.35	2,104.80	1.0000	2,104.80	
iCare (GSR 11)	2,213.38	20.35	2,233.73	1.0000	2,233.73	
iCare (GSR 12)	2,451.28	20.35	2,471.63	1.0000	2,471.63	
CCHP - PACE (GSR 8+)	3,204.34	20.35	3,224.69	1.0000	3,224.69	
CCHP (GSR 6)	2,706.36	20.35	2,726.71	1.0000	2,726.71	
CCHP (GSR 8)	3,521.85	20.35	3,542.20	1.0000	3,542.20	
CCHP (GSR 10)	2,402.04	20.35	2,422.39	1.0000	2,422.39	
CCHP (GSR 11)	2,368.39	20.35	2,388.74	1.0000	2,388.74	
<b>Total PD Cohort</b>	<b>\$2,548.00</b>	<b>\$20.35</b>	<b>\$2,568.35</b>	<b>0.9752</b>	<b>\$2,504.60</b>	

(A) FE Development	(B) Application of HCRP			(C) = (A) + (B)	(D) Market Variability Adjustment	(E) = (C) x (D) 2018 LTC Service Costs
	Projected Per Capita Monthly Costs	HCRP Pooled Claims	Projected Per Capita Monthly LTC Costs w/ HCRP			
Care WI (GSR 3)	\$2,959.94	\$0.63	\$2,960.57	0.9450	\$2,797.74	
Care WI (GSR 5)	3,163.18	0.63	3,163.81	0.9450	2,989.80	
Care WI (GSR 6)	2,862.10	0.63	2,862.73	0.9450	2,705.28	
Care WI (GSR 12)	2,888.05	0.63	2,888.68	0.9450	2,729.80	
iCare (GSR 3)	2,959.94	0.63	2,960.57	1.0000	2,960.57	
iCare (GSR 8)	2,017.01	0.63	2,017.64	1.0000	2,017.64	
iCare (GSR 11)	3,286.56	0.63	3,287.19	1.0000	3,287.19	
iCare (GSR 12)	2,633.15	0.63	2,633.78	1.0000	2,633.78	
CCHP - PACE (GSR 8+)	3,011.86	0.63	3,012.49	1.0000	3,012.49	
CCHP (GSR 6)	3,114.28	0.63	3,114.91	1.0000	3,114.91	
CCHP (GSR 8)	2,895.77	0.63	2,896.40	1.0000	2,896.40	
CCHP (GSR 10)	2,693.01	0.63	2,693.64	1.0000	2,693.64	
CCHP (GSR 11)	2,897.36	0.63	2,897.99	1.0000	2,897.99	
<b>Total FE Cohort</b>	<b>\$2,829.98</b>	<b>\$0.63</b>	<b>\$2,830.61</b>	<b>0.9748</b>	<b>\$2,759.41</b>	

(A) Composite Development	(B) Application of HCRP			(C) = (A) + (B)	(D) Market Variability Adjustment	(E) = (C) x (D) 2018 LTC Service Costs
	Projected Per Capita Monthly Costs	HCRP Pooled Claims	Projected Per Capita Monthly LTC Costs w/ HCRP			
Care WI (GSR 3)	\$3,128.42	\$25.00	\$3,153.42	0.945	\$2,979.98	
Care WI (GSR 5)	3,486.05	29.99	3,516.04	0.945	3,322.66	
Care WI (GSR 6)	2,333.56	26.34	2,359.90	0.945	2,230.11	
Care WI (GSR 12)	2,847.60	16.13	2,863.73	0.945	2,706.22	
iCare (GSR 3)	3,128.42	25.00	3,153.42	1.000	3,153.42	
iCare (GSR 8)	2,277.01	25.26	2,302.27	1.000	2,302.27	
iCare (GSR 11)	2,746.75	25.85	2,772.60	1.000	2,772.60	
iCare (GSR 12)	2,529.30	15.65	2,544.95	1.000	2,544.95	
CCHP - PACE (GSR 8+)	3,107.30	9.50	3,116.80	1.000	3,116.80	
CCHP (GSR 6)	3,024.46	24.57	3,049.03	1.000	3,049.03	
CCHP (GSR 8)	4,174.54	43.21	4,217.75	1.000	4,217.75	
CCHP (GSR 10)	2,868.02	20.85	2,888.87	1.000	2,888.87	
CCHP (GSR 11)	3,048.49	29.71	3,078.20	1.000	3,078.20	
<b>Grand Total</b>	<b>\$2,902.74</b>	<b>\$20.79</b>	<b>\$2,923.53</b>	<b>0.9764</b>	<b>\$2,854.66</b>	



## EXHIBITS H – I

### Capitation Rate Development – Capitation Rates

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**State of Wisconsin Department of Health Services**  
CY 2018 Capitation Rate Development for Family Care Partnership / PACE Program

December 1, 2017

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 2018 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 2018 Partnership/PACE Capitation Rate Development  
 Development of Non-Service Position of Rates, MCE, and Final Capitation Rates

DD Development	2018 Exposure Months	(A)	(B)	(C)	(D) = (B) - (C)	(E)	(F) = (A) + (E)	(G) = (B) + (E)	(H) = (D) + (E)	(I)	(J) = (I) / (M)	(K) = (L) / (N)	(L)	(M) = (F) + (I)	(N) = (G) + (I) + (L)	(O) = (H) + (I) + (L)	(P) = (N) x 0.005	(Q) = (O) - (P)
		LTC MCE Service Costs	2018 Gross LTC Service Costs	2018 HCRP Pooled Claims	2018 Net LTC Service Costs	2018 ASP Service Costs	MCE Service Costs	2018 Gross Service Costs	2018 Net Service Costs	Administrative Allowance	Implied Administrative Percentage	Targeted Margin	Targeted Margin PMPM	MCE Rates	2018 Capitation Rate	2018 Capitation Rate Less HCRP	PAP Withhold	2018 Capitation Rate Less HCRP and PAP Withhold
Care WI (GSR 3)	264	\$3,866.64	\$1,633.97	\$91.77	\$3,972.20	\$4,306.92	\$4,094.25	\$4,012.48	\$176.51	3.9%	1.5%	\$65.04	\$4,453.43	\$4,336.80	\$4,254.03	\$21.68	\$21.68	\$4,232.35
Care WI (GSR 5)	786	4,678.00	4,420.71	81.77	4,338.94	5,062.61	4,805.32	4,723.55	176.51	3.4%	1.5%	75.87	5,239.12	5,057.70	4,975.93	25.29	25.29	4,950.64
Care WI (GSR 6)	35	2,130.55	2,013.37	81.77	1,931.60	2,336.97	2,219.79	2,138.02	176.51	7.0%	1.5%	36.49	2,513.48	2,432.79	2,351.02	12.16	12.16	2,338.86
Care WI (GSR 12)	1,420	3,388.10	3,201.75	81.77	3,119.98	3,863.25	3,676.90	3,596.13	176.51	4.7%	1.5%	58.68	4,039.76	3,912.09	3,830.32	19.56	19.56	3,810.76
iCare (GSR 3)	0	3,866.64	3,866.64	81.77	440.28	4,394.82	4,306.92	4,225.15	176.51	3.9%	1.5%	68.28	4,483.43	4,451.71	4,469.94	22.76	22.76	4,447.16
iCare (GSR 6)	1,528	3,397.64	3,397.64	81.77	913.25	4,310.89	4,310.89	4,229.12	176.51	3.9%	1.5%	68.34	4,555.74	4,555.74	4,473.97	19.05	19.05	4,454.91
iCare (GSR 11)	99	2,952.87	2,952.87	81.77	2,871.10	3,620.12	3,620.12	3,538.35	176.51	4.6%	1.5%	57.82	3,796.63	3,854.45	3,772.68	23.59	23.59	3,749.09
iCare (GSR 12)	87	2,561.97	2,561.97	81.77	2,480.20	3,114.39	3,114.39	3,032.62	176.51	5.4%	1.5%	50.82	3,290.90	3,341.02	3,259.25	16.71	16.71	3,242.54
CCHP - PACE (GSR 6+)	567	3,994.42	3,994.42	81.77	3,912.65	4,247.91	4,247.91	4,166.14	176.51	4.0%	1.5%	67.38	4,424.42	4,491.80	4,410.03	22.46	22.46	4,387.57
CCHP (GSR 6)	328	3,394.79	3,394.79	81.77	3,313.02	3,920.28	3,920.28	3,838.51	176.51	4.3%	1.5%	62.39	4,096.79	4,159.18	4,077.41	20.80	20.80	4,056.61
CCHP (GSR 8)	1,193	5,384.55	5,384.55	81.77	5,302.78	6,407.84	6,407.84	6,326.07	176.51	2.7%	1.5%	100.27	6,584.35	6,654.62	6,502.85	33.42	33.42	6,469.43
CCHP (GSR 10)	296	4,054.11	4,054.11	81.77	3,972.34	4,470.94	4,470.94	4,389.17	176.51	3.8%	1.5%	70.77	4,647.45	4,718.22	4,636.45	23.59	23.59	4,612.86
CCHP (GSR 11)	610	3,898.17	3,898.17	81.77	3,816.40	4,396.40	4,396.40	4,314.63	176.51	3.9%	1.5%	69.64	4,572.91	4,642.55	4,560.78	23.21	23.21	4,537.57
<b>Total DD Cohort</b>	<b>7,212</b>	<b>\$3,974.94</b>	<b>\$3,901.85</b>	<b>\$91.77</b>	<b>\$3,820.08</b>	<b>\$634.09</b>	<b>\$4,609.03</b>	<b>\$4,535.94</b>	<b>\$4,454.17</b>	<b>3.7%</b>	<b>1.5%</b>	<b>\$71.76</b>	<b>\$4,785.54</b>	<b>\$4,784.21</b>	<b>\$4,702.44</b>	<b>\$23.92</b>	<b>\$23.92</b>	<b>\$4,678.52</b>

PD Development	2018 Exposure Months	(A)	(B)	(C)	(D) = (B) - (C)	(E)	(F) = (A) + (E)	(G) = (B) + (E)	(H) = (D) + (E)	(I)	(J) = (I) / (M)	(K) = (L) / (N)	(L)	(M) = (F) + (I)	(N) = (G) + (I) + (L)	(O) = (H) + (I) + (L)	(P) = (N) x 0.005	(Q) = (O) - (P)
		LTC MCE Service Costs	2018 Gross LTC Service Costs	2018 HCRP Pooled Claims	2018 Net LTC Service Costs	2018 ASP Service Costs	MCE Service Costs	2018 Gross Service Costs	2018 Net Service Costs	Administrative Allowance	Implied Administrative Percentage	Targeted Margin	Targeted Margin PMPM	MCE Rates	2018 Capitation Rate	2018 Capitation Rate Less HCRP	PAP Withhold	2018 Capitation Rate Less HCRP and PAP Withhold
Care WI (GSR 3)	159	\$2,678.20	\$2,530.90	\$20.35	\$2,510.55	\$440.28	\$3,118.48	\$2,971.18	\$2,950.83	\$176.51	5.4%	1.5%	\$47.93	\$3,294.99	\$3,195.62	\$3,175.27	\$15.68	\$3,159.59
Care WI (GSR 5)	581	2,668.52	2,501.75	20.35	2,521.40	3,841.61	3,053.13	2,886.01	1,765.51	5.4%	1.5%	46.96	3,229.64	3,109.47	3,053.82	15.93	15.93	3,037.89
Care WI (GSR 6)	31	1,498.24	1,415.84	20.35	1,395.49	2,064.22	1,704.66	1,622.26	1,601.91	176.51	9.4%	1.5%	27.39	1,881.17	1,805.81	1,805.81	9.13	1,796.68
Care WI (GSR 12)	5,987	2,707.47	2,558.56	20.35	2,538.21	4,402.29	3,182.62	3,033.71	3,013.36	176.51	5.3%	1.5%	48.89	3,299.99	3,299.13	3,229.16	16.30	3,222.46
iCare (GSR 3)	0	2,678.20	2,678.20	20.35	2,657.85	3,400.85	3,118.48	3,036.98	1,765.51	5.4%	1.5%	50.18	3,294.99	3,341.17	3,259.25	16.73	16.73	3,242.54
iCare (GSR 6)	4,794	2,104.80	2,104.80	20.35	2,084.45	3,913.25	3,018.05	3,018.05	2,997.70	176.51	5.5%	1.5%	48.65	3,194.56	3,243.21	3,222.86	16.22	3,206.64
iCare (GSR 11)	202	2,233.73	2,233.73	20.35	2,213.38	2,900.98	2,900.98	2,880.63	1,765.51	5.7%	1.5%	46.87	3,077.49	3,124.36	3,104.01	16.62	16.62	3,088.39
iCare (GSR 12)	779	2,471.63	2,471.63	20.35	2,451.28	3,024.05	3,024.05	3,003.70	176.51	5.1%	1.5%	48.74	3,200.56	3,228.95	3,228.95	16.25	3,212.70	
CCHP - PACE (GSR 6+)	800	3,224.69	3,224.69	20.35	3,204.34	3,478.18	3,478.18	3,457.83	176.51	4.8%	1.5%	55.66	3,654.69	3,710.35	3,690.00	18.55	3,671.45	
CCHP (GSR 6)	494	2,726.71	2,726.71	20.35	2,706.36	3,252.20	3,252.20	3,231.85	176.51	5.1%	1.5%	52.21	3,428.71	3,480.92	3,460.57	17.40	3,443.17	
CCHP (GSR 8)	1,054	3,542.20	3,542.20	20.35	3,521.85	4,565.49	4,565.49	4,545.14	176.51	5.1%	1.5%	72.21	4,742.00	4,814.21	4,793.86	24.07	4,769.79	
CCHP (GSR 10)	370	2,422.39	2,422.39	20.35	2,402.04	3,189.22	2,839.22	2,818.87	176.51	3.7%	1.5%	45.92	3,015.73	3,061.65	3,041.30	15.31	3,026.99	
CCHP (GSR 11)	480	2,388.74	2,388.74	20.35	2,368.39	2,886.97	2,886.97	2,866.62	176.51	5.1%	1.5%	46.65	3,063.48	3,110.13	3,089.78	15.55	3,074.23	
<b>Total PD Cohort</b>	<b>15,730</b>	<b>\$2,568.35</b>	<b>\$2,504.60</b>	<b>\$20.35</b>	<b>\$2,484.25</b>	<b>\$637.07</b>	<b>\$3,205.42</b>	<b>\$3,141.67</b>	<b>\$3,121.32</b>	<b>5.2%</b>	<b>1.5%</b>	<b>\$50.53</b>	<b>\$3,381.93</b>	<b>\$3,388.71</b>	<b>\$3,348.36</b>	<b>\$16.84</b>	<b>\$16.84</b>	<b>\$3,331.52</b>

FE Development	2018 Exposure Months	(A)	(B)	(C)	(D) = (B) - (C)	(E)	(F) = (A) + (E)	(G) = (B) + (E)	(H) = (D) + (E)	(I)	(J) = (I) / (M)	(K) = (L) / (N)	(L)	(M) = (F) + (I)	(N) = (G) + (I) + (L)	(O) = (H) + (I) + (L)	(P) = (N) x 0.005	(Q) = (O) - (P)
		Projected LTC MCE Service Costs	2018 Gross LTC Service Costs	2018 HCRP Pooled Claims	2018 Net LTC Service Costs	2018 ASP Service Costs	MCE Service Costs	2018 Gross Service Costs	2018 Net Service Costs	Administrative Allowance	Implied Administrative Percentage	Targeted Margin	Targeted Margin PMPM	MCE Rates	2018 Capitation Rate	2018 Capitation Rate Less HCRP	PAP Withhold	2018 Capitation Rate Less HCRP and PAP Withhold
Care WI (GSR 3)	585	\$2,960.57	\$2,797.74	\$0.63	\$2,797.11	\$440.28	\$3,400.85	\$3,238.02	\$3,237.39	\$176.51	4.9%	1.5%	\$52.00	\$3,577.36	\$3,466.53	\$3,465.90	\$17.33	\$3,448.57
Care WI (GSR 5)	1,196	3,163.81	2,989.80	0.63	2,989.17	3,841.61	3,548.42	3,374.41	3,373.78	176.51	4.7%	1.5%	54.07	3,724.93	3,604.99	3,604.36	18.02	3,586.34
Care WI (GSR 6)	69	2,862.73	2,705.28	0.63	2,704.65	2,064.22	3,069.15	2,911.70	2,911.07	176.51	5.4%	1.5%	47.03	3,245.66	3,135.24	3,134.61	15.68	3,118.93
Care WI (GSR 12)	7,647	2,888.69	2,729.80	0.63	2,729.17	4,402.29	3,360.83	3,204.95	3,204.32	176.51	5.0%	1.5%	51.49	3,540.34	3,492.95	3,432.92	17.16	3,415.76
iCare (GSR 3)	0	2,960.57	2,960.57	0.63	2,959.94	4,402.29	3,400.85	3,400.85	3,400.22	176.51	4.9%	1.5%	54.48	3,577.36	3,631.84	3,631.21	18.16	3,613.05
iCare (GSR 6)	2,547	2,017.64	2,017.64	0.63	2,017.01	2,930.89	2,930.89	2,930.26	1,765.51	5.7%	1.5%	47.32	3,107.40	3,154.72	3,134.37	16.16	3,118.21	
iCare (GSR 11)	176	3,287.19	3,287.19	0.63	3,286.56	3,954.44	2,930.89	2,930.26	1,765.51	4.3%	1.5%	62.91	4,130.95	4,193.86	4,193.23	20.97	4,172.86	
iCare (GSR 12)	626	2,633.78	2,633.78	0.63	2,633.15	3,186.20	3,186.20	3,185.57	176.51	5.2%	1.5%	51.21	3,362.71	3,413.92	3,413.29	17.07	3,396.22	
CCHP - PACE (GSR 6+)	5,599	3,012.49	3,012.49	0.63	3,011.86	3,959.98	3,959.98	3,959.35	1,765.51	5.1%	1.5%	52.42	3,442.49	3,494.91	3,494.28	17.47	3,476.81	
CCHP (GSR 6)	696	3,114.91	3,114.91	0.63	3,114.28	4,525.49	3,640.40	3,640.40	3,639.77	176.51	4.6%	1.5%	58.13	3,816.91	3,875.04	3,874.41	19.38	3,855.03
CCHP (GSR 8)	515	2,896.40	2,896.40	0.63	2,895.77	3,919.69	3,919.69	3,919.06	176.51	4.3%	1.5%	62.38	4,096.20	4,158.58	4,157.95	20.79	4,137.16	
CCHP (GSR 10)	882	2,693.64	2,693.64	0.63	2,693.01	3,110.47	3,110.47	3,109.84	176.51	5.4%	1.5%	50.06	3,286.98	3,337.04	3,336.41	16.69	3,319.72	
CCHP (GSR 11)	937	2,897.99	2,897.99	0.63	2,897.36	3,396.22	3,396.22	3,395.59	176.51	4.9%	1.5%	54.41	3,572.73	3,627.14	3,626.51	18.14	3,608.37	
<b>Total FE Cohort</b>	<b>21,474</b>	<b>\$2,936.61</b>	<b>\$2,759.41</b>	<b>\$0.63</b>	<b>\$2,758.78</b>	<b>\$479.70</b>	<b>\$3,310.31</b>	<b>\$3,239.11</b>	<b>\$3,238.48</b>	<b>5.1%</b>	<b>1.5%</b>	<b>\$52.01</b>	<b>\$3,486.82</b>	<b>\$3,467.63</b>	<b>\$3,467.00</b>	<b>\$17.34</b>	<b>\$17.34</b>	<b>\$3,449.66</b>

Composite Development	2018 Exposure Months	(A)	(B)	(C)	(D) = (B) - (C)	(E)	(F) = (A) + (E)	(G) = (B) + (E)	(H) = (D) + (E)	(I)	(J) = (I) / (M)	(K) = (L) / (N)	(L)	(M) = (F) + (I)	(N) = (G) + (I) + (L)	(O) = (H) + (I) + (L)	(P) = (N) x 0.005	(Q) = (O) - (P)
		Projected LTC MCE Service Costs	2018 Gross LTC Service Costs	2018 HCRP Pooled Claims	2018 Net LTC Service Costs	201												

**Exhibit I**  
**Wisconsin Department of Health Services**  
**CY 2018 Partnership/PACE Capitation Rate Development**  
**Monthly Rates Net of HCRP Paid to MCOs**

MCO / GSR	2018 Exposure Months				Developmentally Disabled						Physically Disabled							
	DD	PD	FE	Total	(A)	(B)	(C)	(D)	(E) = (A) + (B) + (C) + (D)	(F)	(G) = (E) - (F)	(A)	(B)	(C)	(D)	(E) = (A) + (B) + (C) + (D)	(F)	(G) = (E) - (F)
					2018 Net LTC Service Costs	2018 Acute and Primary Service Costs	Administrative Allowance	Targeted Margin PMPM	2018 Net Capitation Rate	P4P Withhold	2018 Net Capitation Rate Less P4P Withhold	2018 Net LTC Service Costs	2018 Acute and Primary Service Costs	Administrative Allowance	Targeted Margin PMPM	2018 Net Capitation Rate	P4P Withhold	2018 Net Capitation Rate Less P4P Withhold
Care WI (GSR 3)	264	159	585	1,007	\$3,572.20	\$440.28	\$176.51	\$65.04	\$4,254.03	\$21.68	\$4,232.35	\$2,510.55	\$440.28	\$176.51	\$47.93	\$3,175.27	\$15.98	\$3,159.29
Care WI (GSR 5)	786	581	1,196	2,563	4,338.94	384.61	176.51	75.87	4,975.93	25.29	4,950.64	2,501.40	384.61	176.51	46.95	3,109.47	15.65	3,093.82
Care WI (GSR 6)	35	31	69	135	1,931.60	206.42	176.51	36.49	2,351.02	12.16	2,338.86	1,395.49	206.42	176.51	27.39	1,805.81	9.13	1,796.68
Care WI (GSR 12)	1,420	5,987	7,647	15,054	3,119.98	475.15	176.51	58.68	3,830.32	19.56	3,810.76	2,538.21	475.15	176.51	48.89	3,238.76	16.30	3,222.46
iCare (GSR 3)	0	0	0	0	3,784.87	440.28	176.51	68.28	4,469.94	22.76	4,447.18	2,657.85	440.28	176.51	50.18	3,228.86	16.73	3,208.09
iCare (GSR 8)	1,526	4,794	2,547	8,866	3,315.87	913.25	176.51	68.34	4,473.97	22.78	4,451.19	2,084.45	913.25	176.51	48.65	3,222.86	16.22	3,206.64
iCare (GSR 11)	99	202	176	478	2,871.10	667.25	176.51	57.82	3,772.68	19.27	3,753.41	2,213.38	667.25	176.51	46.87	3,104.01	15.62	3,088.39
iCare (GSR 12)	87	779	626	1,492	2,480.20	552.42	176.51	50.12	3,259.25	16.71	3,242.54	2,451.28	552.42	176.51	48.74	3,228.95	16.25	3,212.70
CCHP - PACE (GSR 8+)	567	800	5,598	6,965	3,912.65	253.49	176.51	67.38	4,410.03	22.46	4,387.57	3,204.34	253.49	176.51	55.66	3,690.00	18.55	3,671.45
CCHP (GSR 6)	328	494	696	1,518	3,313.02	525.49	176.51	62.39	4,077.41	20.80	4,056.61	2,706.36	525.49	176.51	52.21	3,460.57	17.40	3,443.17
CCHP (GSR 8)	1,193	1,054	515	2,762	5,302.78	1,023.29	176.51	100.27	6,602.85	33.42	6,569.43	3,521.85	1,023.29	176.51	72.21	4,793.86	24.07	4,769.79
CCHP (GSR 10)	296	370	882	1,548	3,972.34	416.83	176.51	70.77	4,636.45	23.59	4,612.86	2,402.04	416.83	176.51	45.92	3,041.30	15.31	3,025.99
CCHP (GSR 11)	610	480	937	2,027	3,816.40	498.23	176.51	69.64	4,560.78	23.21	4,537.57	2,368.39	498.23	176.51	46.65	3,089.78	15.55	3,074.23

MCO / GSR	2018 Exposure Months				Frail Elderly						Composite Population							
	DD	PD	FE	Total	(A)	(B)	(C)	(D)	(E) = (A) + (B) + (C) + (D)	(F)	(G) = (E) - (F)	(A)	(B)	(C)	(D)	(E) = (A) + (B) + (C) + (D)	(F)	(G) = (E) - (F)
					2018 Net LTC Service Costs	2018 Acute and Primary Service Costs	Administrative Allowance	Targeted Margin PMPM	2018 Net Capitation Rate	P4P Withhold	2018 Net Capitation Rate Less P4P Withhold	2018 Net LTC Service Costs	2018 Acute and Primary Service Costs	Administrative Allowance	Targeted Margin PMPM	2018 Net Capitation Rate	P4P Withhold	2018 Net Capitation Rate Less P4P Withhold
Care WI (GSR 3)	264	159	585	1,007	\$2,797.11	\$440.28	\$176.51	\$52.00	\$3,465.90	\$17.33	\$3,448.57	\$2,954.98	\$440.28	\$176.51	\$54.77	\$3,626.54	\$18.26	\$3,608.28
Care WI (GSR 5)	786	581	1,196	2,563	2,989.17	384.61	176.51	54.07	3,604.36	18.02	3,586.34	3,292.67	384.61	176.51	59.14	3,912.93	19.71	3,893.22
Care WI (GSR 6)	35	31	69	135	2,704.65	206.42	176.51	47.03	3,134.61	15.68	3,118.93	2,203.77	206.42	176.51	39.79	2,626.49	13.26	2,613.23
Care WI (GSR 12)	1,420	5,987	7,647	15,054	2,729.17	475.15	176.51	51.49	3,432.32	17.16	3,415.16	2,690.09	475.15	176.51	51.14	3,892.89	17.05	3,875.84
iCare (GSR 3)	0	0	0	0	2,959.94	440.28	176.51	54.48	3,631.21	18.16	3,613.05	3,128.42	440.28	176.51	57.41	3,802.62	19.14	3,783.48
iCare (GSR 8)	1,526	4,794	2,547	8,866	2,017.01	913.25	176.51	47.32	3,154.09	15.77	3,138.32	2,277.01	913.25	176.51	51.66	3,418.43	17.22	3,401.21
iCare (GSR 11)	99	202	176	478	3,286.56	667.25	176.51	62.91	4,193.23	20.97	4,172.26	2,746.75	667.25	176.51	55.07	3,645.58	18.36	3,627.22
iCare (GSR 12)	87	779	626	1,492	2,633.15	552.42	176.51	51.21	3,413.29	17.07	3,396.22	2,529.30	552.42	176.51	49.86	3,308.09	16.62	3,291.47
CCHP - PACE (GSR 8+)	567	800	5,598	6,965	3,011.86	253.49	176.51	52.42	3,494.28	17.47	3,476.81	3,107.30	253.49	176.51	54.01	3,591.31	18.00	3,573.31
CCHP (GSR 6)	328	494	696	1,518	3,114.28	525.49	176.51	58.13	3,874.41	19.38	3,855.03	3,024.46	525.49	176.51	57.12	3,783.58	19.04	3,764.54
CCHP (GSR 8)	1,193	1,054	515	2,762	2,895.77	1,023.29	176.51	62.38	4,157.95	20.79	4,137.16	4,174.54	1,023.29	176.51	82.50	5,456.84	27.50	5,429.34
CCHP (GSR 10)	296	370	882	1,548	2,693.01	416.83	176.51	50.06	3,336.41	16.69	3,319.72	2,868.02	416.83	176.51	53.03	3,514.39	17.68	3,496.71
CCHP (GSR 11)	610	480	937	2,027	2,897.36	498.23	176.51	54.41	3,626.51	18.14	3,608.37	3,048.49	498.23	176.51	57.15	3,780.38	19.05	3,761.33



## EXHIBIT J

### Actuarial Certification

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**State of Wisconsin Department of Health Services**  
CY 2018 Capitation Rate Development for Family Care Partnership / PACE Program

December 1, 2017

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 2018 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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Michael C. Cook, FSA, MAAA  
Principal and Consulting Actuary

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December 1, 2017

**Wisconsin Department of Health Services  
Capitated Contracts Ratesetting  
Actuarial Certification  
CY 2018 Family Care Partnership Program Capitation Rates**

I, Michael C. Cook, am associated with the firm of Milliman, Inc., am a member of the American Academy of Actuaries, and meet its Qualification Standards for Statements of Actuarial Opinion. I was retained by the Wisconsin Department of Health Services (DHS) to perform an actuarial certification of the Family Care Partnership program capitation rates for calendar year (CY) 2018 for filing with the Centers for Medicare and Medicaid Services (CMS). I reviewed the attached capitation rate development and am familiar with the applicable sections of 42 CFR 438 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 CY 2018. To the best of my information, knowledge and belief, for the period from CY 2018, the capitation rates offered by DHS are in compliance with 42 CFR §438.3(c), 438.3(e), 438.4 (excluding paragraphs (b)(3),(b)(4) and (b)(9)), 438.5, 438.6, and 438.7 (excluding paragraph (c)(3)). 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.

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Michael C. Cook  
Member, American Academy of Actuaries

December 1, 2017



## RELIANCE LETTER

Scott Walker  
Governor



DIVISION OF MEDICAID SERVICES

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

Linda Seemeyer  
Secretary

**State of Wisconsin**  
Department of Health Services

Telephone: 608-266-8922  
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November 30, 2017

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 2018 Family Care and Family Care PACE / Partnership Capitation Rates**

Dear Michael:

I, Dave Varana, Bureau Director of the Bureau of Long Term Care Finance in the Division of Medicaid Services, hereby affirm that the listings and summaries prepared and submitted to Milliman, Inc. for the development of the CY 2018 Family Care and Family Care PACE / Partnership capitation rates were prepared under my direction, and to the best of my knowledge and belief are accurate and complete. These listings and summaries include:

1. Health Plan encounter data files containing claims information on capitated plan assignment, detailed service category, target group, geographic indicators, and demographic indicators for calendar years (CYs) 2015 and 2016 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 CYs 2015 and 2016 for the Family Care program.
3. Long Term Care Functional Screen (LTCFS) data extracts through June 2017 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 CYs 2015, 2016, and YTD 2017 for the Family Care and Family Care Partnership / PACE programs.
5. Data files containing claims and enrollment information for the acute and primary portion of the Family Care Partnership / PACE program.
6. Data files containing estimated monthly enrollment for CY 2018 in total and by health plan, geographic indicator, and target group for the Family Care and Family Care Partnership / PACE programs.
7. Data dictionary files for the encounter, enrollment, and LTCFS files for the Family Care and Family Care Partnership / PACE programs.
8. CY 2016 financials for health plans participating in the Family Care and Family Care Partnership / PACE programs.
9. An administrative cost model for CY 2018 non-service costs to be applied to the Family Care and Family Care Partnership / PACE programs.
10. A data file containing lists of allowed and dis-allowed services under managed care for the Family Care and Family Care Partnership / PACE programs.
11. Information and direction regarding the implementation of the High Cost Risk Pool for the Family Care and Family Care Partnership / PACE programs.

12. Information and direction regarding the market variability adjustment for the Family Care and Family Care Partnership / PACE programs.
13. Information and direction regarding the goals of the PACE rate development for the Family Care Partnership / PACE program.
14. Information and direction regarding the Pay for Performance mechanism for the Family Care and Family Care Partnership / PACE programs.
15. Results of analyses performed by DHS regarding the fiscal impact of legislative and policy changes for the Family Care and Family Care Partnership / PACE programs.
16. Any other items provided to Milliman to support the 2018 rate development not mentioned above for the Family Care and Family Care Partnership / PACE programs.

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



---

Name

11.30.17

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Date



## **EXHIBITS K – L**

### **CMS Rate Setting Checklist Issues**

### **CMS Medicaid Managed Care Rate Development Guide**

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**State of Wisconsin Department of Health Services**  
CY 2018 Capitation Rate Development for Family Care Partnership / PACE Program

December 1, 2017

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 2018 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.

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

The calendar year (CY) 2018 managed care organization (MCO) capitation rates are developed using 2016 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 - V of this report for background on the program and more details around the rate development.

#### AA.1.1 – Actuarial Certification

The Actuarial Certification of the CY 2018 capitation rates is included as Exhibit J of this report. The CY 2018 Wisconsin LTC Medicaid care management capitation rates have been developed in accordance with generally accepted actuarial principles and practices and are appropriate for the populations to be covered and the services to be furnished under the contract.

#### AA.1.2 – Projection of Expenditures

Appendix B includes a projection of total expenditures and Federal-only expenditures based on actual Projected CY 2018 MCO enrollment and CY 2018 capitation rates. We used a 58.77% 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 2018 rates documented in this report are the initial capitation rates for the CY 2018 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 2018 Family Care Partnership / PACE capitation rates include a targeted margin of 1.5% for risk, profit, and contribution to reserves. We believe that this margin is appropriate given low service cost trends and the predictability of expenses under the program.

#### AA.1.8 – Family Planning Enhanced Match

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

## Exhibit K

### Rate Setting Checklist

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

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

#### AA.1.10 – Newly Eligible Enhanced Match

The Wisconsin Family Care Partnership / 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 2018 rates documented in this report are the initial capitation rates for the CY 2018 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 2018 rate methodology relies on CY 2016 MCO encounter data for the Family Care program as the primary data source. Only State Plan and waiver services that are covered under the Wisconsin Family Care Partnership / PACE contracts have been included in the rate development.

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

The CY 2018 capitation rate development methodology relies on data that includes only those eligible and currently enrolled in the Wisconsin Family Care and Family Care Partnership / PACE programs and does not include experience for individuals not eligible to enroll in these programs.

#### AA.2.2 – Data Sources

The CY 2018 capitation rates are developed using Wisconsin Medicaid long term care (LTC) MCO encounter, eligibility, and functional screen data for CY 2016 for the MCO eligible population as the primary data source.

Please refer to Section 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 Section 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.

#### AA.3.2 – Administrative Cost Allowance Calculations

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

## Exhibit K

### Rate Setting Checklist

#### AA.3.3 – Special Populations' Adjustments

The CY 2018 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 population.

#### AA.3.4 – Eligibility Adjustments

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

#### AA.3.5 – Third Party Liability (TPL)

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

#### AA.3.6 – Indian Health Care Provider Payments

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

#### AA.3.7 – DSH Payments

DSH payments are not included in the capitation rates.

#### AA.3.8 – FQHC and RHC Reimbursement

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

#### AA.3.9 – Graduate Medical Education (GME)

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

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

The Wisconsin Family Care Partnership / 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 2016 to CY 2018 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 2014 to December 2016 and actuarial judgment.

The trend rates and inflation factors represent the expected change in per capita cost between CY 2016 and CY 2018, net of acuity changes.

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

## Exhibit K

### Rate Setting Checklist

#### AA.3.12 – Utilization Adjustments

Utilization trend is included in AA.3.11.

#### AA.3.13 – Utilization and Cost Assumptions

The CY 2018 capitation rates use an actuarially sound risk adjustment model to adjust the rates for each participating MCO in a particular GSR in order to reflect the acuity of enrolled members. Acuity adjustments were applied independently from the unit cost and utilization trend adjustments.

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

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

#### AA.3.15 – Incomplete Data Adjustment

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

#### AA.3.16 – Primary Care Rate Enhancement

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

#### AA.3.17 – Health Homes

Not Applicable.

#### AA.4.0 – Establish Rate Category Groupings

Please refer to Sections III-IV of this report.

#### AA.4.1 – Eligibility Categories

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

#### AA.4.2 – Age

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

#### AA.4.3 – Gender

Gender is not used for rate category groupings.

#### AA.4.4 – Locality / Region

Geographic regions are defined in Appendix A.

## Exhibit K

### Rate Setting Checklist

#### AA.4.5 – Risk Adjustments

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

#### AA.5.0 – Data Smoothing

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

#### AA.5.1 – Cost-Neutral Data Smoothing Adjustment

We did not perform any data smoothing.

#### AA.5.2 – Data Distortion Assessment

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

#### AA.5.3 – Data Smoothing Techniques

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

#### AA.5.4 – Risk Adjustments

The acute and primary care component of the CY 2018 capitation rate uses an actuarially sound risk adjustment model based on the Medicare Hierarchical Condition Category (HCC) to adjust the rates for each participating MCO. Please see section III of this report. The risk adjustment mechanism has been developed in accordance with generally accepted actuarial principles and practices.

The LTC component of the CY 2018 capitation rates uses an actuarially sound risk adjustment model based on a functional screen to adjust the rates for each participating MCO. Please see Section IV of this report. The risk adjustment mechanism has been developed in accordance with generally accepted actuarial principles and practices.

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

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

A pooling charge specific to each target group will be assessed from each MCO and placed into a pool. At year end, a settlement will be performed to determine payout to MCOs for each target group separately. Each MCO will receive the portion of each target group's pool equivalent to their percentage of total pooled costs statewide. MCOs may effectively have more or less than 80% of an individual's CY 2018 costs greater than \$225,000 reimbursed depending on whether actual CY 2018 pooled costs are greater than or less than the target group pools. Individuals will be evaluated over their enrollment period, and \$225,000 threshold will not be pro-rated for partial year enrollment. If actual CY 2018 pooled costs are less than the target group pools, any remaining funding in the target group pools will be distributed as a flat PMPM amount to all MCOs.

## **Exhibit K**

### **Rate Setting Checklist**

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

#### **AA.6.1 – Commercial Reinsurance**

DHS does not require entities to purchase commercial reinsurance.

#### **AA.6.2 – Stop-Loss Program**

Please see AA.6.0.

#### **AA.6.3 – Risk Corridor Program**

Not applicable.

#### **AA.7.0 – Incentive Arrangements**

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 2018 contract period.

**Exhibit L**  
**Response to 2018 Managed Care Rate Development Guide (April 2017)**

**I. MEDICAID MANAGED CARE RATES**

**1. General Information**

**A. Rate Development Standards**

- i. The rate certification included herein is for the calendar year (CY) 2018 contract period. The previous certification was for January 2017 – December 2017 contract period.
- ii. This rate certification submission was prepared in accordance with 42 CFR §438.4, 438.5, and 438.7.
  - a) Our actuarial certification letter signed by Michael Cook, FSA, MAAA certifies that the final capitation rates meet the standards in 42 CFR §438.3(c), 438.3(e), 438.4 (excluding paragraphs (b)(3),(b)(4), and (b)(9)), 438.5, 438.6, and 438.7 (excluding paragraph (c)(3)). The certification can be found in Exhibit Q.
  - b) The final and certified capitation rates for all rate cells and regions can be found in Exhibit I.
  - c) Rate ranges are not certified. Therefore, this requirement does not apply.
  - d) The items requested can be found in Sections I and II of this report.
- iii. Differences in capitation rates for covered the population are based on valid rate development standards and are not based on the rate of Federal financial participation associated with the covered population.
- iv. Each rate cell is developed independently to be actuarially sound and does not cross-subsidize payments for another rate cell.
- v. The effective dates of changes to the Medicaid program are consistent with the assumptions used to develop the capitation rates.
- vi. The rate certification submission does demonstrate that the capitation rates were developed using generally accepted actuarial practices and principles.
  - a) All adjustment to the capitation rates reflect reasonable, appropriate, and attainable costs.
  - b) No adjustments to the rates are performed outside of the initial rate setting process beyond those outlined in Section VI of the report.
  - c) The final contracted rates in each cell match the capitation rates in the certification
- vii. The capitation rates included in this submission are certified for all time periods in which they are effective. No rates for a previous time period is used for a future time period.
- viii. This rate certification conforms to the procedure for rate certifications for rate and contract amendments. The CY 2018 rates documented in this report are the initial capitation rates for the CY 2018 Wisconsin Medicaid LTC managed care contracts.

**Exhibit L**  
**Response to 2018 Managed Care Rate Development Guide (April 2017)**

**B. Appropriate Documentation**

- i. We believe that the attached report properly documents all the elements included in the rate certification and provides CMS enough detail to determine that regulation standards 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.
- ii. We detail within our responses in this guide the section of our report where each item described in the 2018 Medicaid Managed Care Rate Development Guide can be found.
  - iii. All services and populations included in this rate certification are subject to the regular state FMAP.
  - iv. Rate ranges are not certified. Therefore, this requirement does not apply.
  - v. Rate ranges are not certified. Therefore, this requirement does not apply.

**2. Data**

**A. Rate Development Standards**

- i. Our report includes a thorough description of the data used.
  - a. DHS provided Milliman with validated encounter data and financial reports for at least the three most recent and complete years prior to the rating period.
  - b. The rate development methodology uses current MCO encounter data.
  - c. The data used is derived from the Medicaid population served under the Family Care program.
  - d. The rate development methodology uses recent MCO encounter data.

**B. Appropriate Documentation**

- i. Milliman did request and receive a full claims and enrollment database from DHS. Acute and primary care data is summarized in Exhibit A.
- ii. A detailed description of the data used in the rate development methodology can be found in Sections III-IV of this report. Sections III-IV also includes comments on the availability and quality of the data used for rate development.
- iii. The rate certification and attached report thoroughly describe any material adjustments, and the basis for the adjustments, that are made to the data. Please see Section III and IV of this report for more details.

**Exhibit L**  
**Response to 2018 Managed Care Rate Development Guide (April 2017)**

**3. Projected Benefit Costs**

**A. Rate Development Standards**

- i. The final capitation rates shown in Exhibit I are based only upon services described in 42 CFR 438.3(c)(1)(ii) and 438.3(e).
- ii. Variations in assumptions used to develop the projected benefit costs for covered the population are not based on the rate of Federal financial participation associated with the covered population.
- iii. Each projected benefit cost trend assumption is reasonable and developed in accordance with generally accepted actuarial principles and practices using actual experience of the Medicaid population.
- iv. Please refer to Sections III and IV of this report for the details related to the treatment of in-lieu of services.
- v. The CY 2018 capitation rate methodology includes adjustments for expenses related to Institution for Mental Diseases (IMD). See Step 3 of Section III of the report.
- vi. The CY 2018 capitation rate methodology includes adjustments for expenses related to Institution for Mental Diseases (IMD). See Step 3 of Section III of the report.

**B. Appropriate Documentation**

- i. The various Exhibits included in this report document the final projected benefit costs by relevant level of detail and is consistent with how the State makes payments to the plans.
- ii. Please refer to Sections III-IV of this report for the methodology and assumptions used to project contract period benefit costs. Section I of the report highlights key methodological changes since the previous rate development.
- iii. The rate certification include a section on projected benefit cost trends in compliance with 42 CFR §438.7(b)(2). See Step 3 of Section III and Step 2 of Section IV for details related to the development of projected benefit cost trends.
- iv. This certification does not include additional services deemed by the state to be necessary to comply with the parity standards of the Mental Health Parity and Addiction Equity Act
- v. There are no services provided in lieu of State Plan covered services.
- vi. Sections III and IV includes a description of how retrospective eligibility periods are accounted for in rate development.
- vii. Section I documents the impact on projected costs for all material changes to covered benefits or services since the last rate certification.
- viii. The rate certification includes an estimated impact of the change on the amount of projected benefit costs and a description of the data, assumptions, and methodologies used to develop the adjustment for each change related to covered benefits or services.

**Exhibit L**  
**Response to 2018 Managed Care Rate Development Guide (April 2017)**

**4. Special Contract Provisions Related to Payment**

**A. Incentive Arrangements**

i. Rate Development Standards

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

ii. Appropriate Documentation

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

**B. Withhold Arrangements**

i. Rate Development Standards

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

ii. Appropriate Documentation

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

**C. Risk Sharing Mechanism**

i. Rate Development Standards

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

ii. Appropriate Documentation

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

**D. Delivery System and Provider Payment Initiatives**

i. Rate Development Standards

The CY 2018 capitation rate methodology does not include any delivery system or provider payment initiatives.

ii. Appropriate Documentation

The CY 2018 capitation rate methodology does not include any delivery system or provider payment initiatives.

**Exhibit L**  
**Response to 2018 Managed Care Rate Development Guide (April 2017)**

E. Pass-Through Payments

i. Rate Development Standards

The CY 2018 capitation rate methodology does not include any pass-through payments.

ii. Appropriate Documentation

The CY 2018 capitation rate methodology does not include any pass-through payments.

**5. Projected Non-Benefit Costs**

A. Rate Development Standards

- i. The development of the non-benefit component of the CY 2018 rates is compliant with 42 CFR §438.5(e) and include reasonable, appropriate, and attainable expenses related to MCO administration, taxes, licensing and regulatory fees, contribution to reserves, risk margin, and cost of capital.
- ii. The non-benefit costs included in the CY 2018 capitation rates are developed as a per member per month for common categories of administrative expenses.
- iii. Variations in assumptions used to develop the projected benefit costs for covered the population are not based on the rate of federal financial participation associated with the covered population.
- iv. The Wisconsin Family Care Partnership program does cover services subject to the Health Insurer Fee. As such, a 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.

B. Appropriate Documentation

- i. Please refer to Section V of this report for a detailed description of the data and methodology used to develop of the projected non-benefit costs included in the capitation rates. The report includes a description of changes made since the last rate development.
- ii. The projected non-benefit costs include appropriate consideration for administrative costs, taxes, licensing and regulatory fees, other assessments and fees, contribution to reserves, risk margin, and cost of capital.
- iii. The Wisconsin Family Care Partnership program does cover services subject to the Health Insurer Fee. As such, a small portion the revenue received by participating providers does accrue a Health Insurance Providers Fee (HIPF) liability. The HIPF is paid through a rate adjustment once all necessary documentation is available.

**Exhibit L**  
**Response to 2018 Managed Care Rate Development Guide (April 2017)**

**6. Risk Adjustment and Acuity Adjustment**

**A. Rate Development Standards**

- i. The functional screen and risk adjustment detailed in Sections III and IV of the report are used for explaining costs of services covered under the contract for defined populations across MCOs.
- ii. The risk adjustment models has been developed in accordance with generally accepted actuarial principles and practices and cost neutral to the state in total.
- iii. Section IV of this report documents the use of acuity trends separate from benefit utilization and unit cost trends to consider the change in acuity for the Family Care Partnership / PACE populations.

**B. Appropriate Documentation**

- i. The functional screen and risk adjustment processes are detailed in Sections III and IV of the report.
- ii. Section VI of the report documents the various retrospective risk adjustment mechanisms.
- iii. The rate certification and supporting documentation do specifically include a description of any changes that are made to risk adjustment models since the last rating period and documentation that the risk adjustment model is budget neutral in accordance with 42 CFR §438.5(g).
- iv. The rate certification includes a description of the acuity trend adjustment. This adjustment is developed according with generally accepted actuarial principles and practices.

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

**1. Managed Long-Term Services and Supports**

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

**B. Rate Development Standards**

- i. The Wisconsin Family Care Partnership / PACE programs' capitation rates are a blend of the various target groups eligible for the program. Details behind the target group assignment is included in Section IV of this report.

**C. Appropriate Documentation**

- i. Sections I-IV of this report address the following items:
  - a) the structure of the capitation rates and rate cells or rating categories
  - b) the structure of the rates and the rate cells, and the data, assumptions, and methodology used to develop the rates in light of the overall rate setting approach
  - c) any other payment structures, incentives, or disincentives used to pay the MCOs

**Exhibit L**  
**Response to 2018 Managed Care Rate Development Guide (April 2017)**

- d) the expected effect that managing LTSS has on the utilization and unit costs of services
  - e) any effect that the management of this care is expected to have within each care setting and any effect in managing the level of care that the beneficiary receives
- ii. Please refer to Section V of this report for a detailed description of the data and methodology used to develop the projected non-benefit costs included in the capitation rates. The report includes a description of changes made since the last rate development.
  - iii. The Wisconsin Family Care Partnership / PACE capitation rates presented in this report are based entirely on historical MCO encounter data and financial experience.

**III. NEW ADULT GROUP CAPITATION RATES**

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



## APPENDIX A

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**State of Wisconsin Department of Health Services**  
CY 2018 Capitation Rate Development for Family Care Partnership / PACE Program

December 1, 2017

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 2018 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.





## APPENDIX B

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**State of Wisconsin Department of Health Services**  
CY 2018 Capitation Rate Development for Family Care Partnership / PACE Program

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**Appendix B**  
**Wisconsin Department of Health Services**  
**CY 2018 Partnership/PACE Capitation Rate Development**  
**Projected 2018 Family Care Partnership / PACE Expenditures**

Enrollment Matrix by Base Rate Cell			Fiscal Results Matrix by Base Rate Cell			
MCO / GSR	2018 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)	1,007	\$3,651.54	\$2,146.01	\$2,161,804	\$1,505.53	\$1,516,610
Care WI (GSR 5)	2,563	3,942.92	2,317.25	5,937,986	1,625.67	4,165,784
Care WI (GSR 6)	135	2,652.83	1,559.07	209,848	1,093.76	147,218
Care WI (GSR 12)	15,054	3,409.02	2,003.48	30,161,043	1,405.54	21,159,432
iCare (GSR 3)	0	3,827.62	2,249.49	0	1,578.13	0
iCare (GSR 8)	8,866	3,443.69	2,023.86	17,943,458	1,419.83	12,588,204
iCare (GSR 11)	478	3,671.43	2,157.70	1,030,791	1,513.73	723,150
iCare (GSR 12)	1,492	3,323.74	1,953.36	2,914,642	1,370.38	2,044,762
CCHP - PACE (GSR 8+)	6,965	3,600.81	2,116.20	14,739,943	1,484.61	10,340,783
CCHP (GSR 6)	1,518	3,808.15	2,238.05	3,398,097	1,570.10	2,383,930
CCHP (GSR 8)	2,762	5,500.05	3,232.38	8,928,137	2,267.67	6,263,520
CCHP (GSR 10)	1,548	3,535.24	2,077.66	3,216,289	1,457.58	2,256,382
CCHP (GSR 11)	2,027	3,810.09	2,239.19	4,539,605	1,570.90	3,184,753
<b>Grand Total</b>	<b>44,416</b>	<b>\$3,646.37</b>	<b>\$2,142.97</b>	<b>\$95,181,642</b>	<b>\$1,503.40</b>	<b>\$66,774,529</b>

Assuming FFY 2018 Federal Medical Assistance Percentage of 58.77%



## APPENDIX C

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**State of Wisconsin Department of Health Services**  
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**Appendix C**  
**Wisconsin Department of Health Services**  
**CY 2018 Partnership/PACE Capitation Rate Development**  
**Acute and Primary Service Costs Trend Development**

<b>Service Category</b>	<b>PMPM Costs, FCP/PACE Experience</b>		<b>2014-2016</b>	
	<b>CY 2014</b>	<b>CY 2016</b>	<b>Annualized Trend</b>	<b>Selected Trend <sup>1</sup></b>
Inpatient Hospital	\$89.09	\$146.78	28.4%	2.0%
Outpatient Hospital	92.67	48.67	-27.5%	4.0%
Pharmacy <sup>2</sup>	159.49	181.79	6.8%	8.70%
Dental	30.84	31.93	1.8%	2.0%
Other Acute & Primary	99.02	103.37	2.2%	2.0%
<b>Total</b>	<b>\$471.12</b>	<b>\$512.54</b>	<b>4.3%</b>	<b>4.6%</b>

<sup>1</sup> Selected trends consistent with data underlying 2018 SSI capitation rate development.

<sup>2</sup> Composite of 9.0% trend selected for Medicaid Only members and 2.0% selected for Dual Eligible members.



## APPENDIX D

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**State of Wisconsin Department of Health Services**  
CY 2018 Capitation Rate Development for Family Care Partnership / PACE Program

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**Appendix D**  
**Wisconsin Department of Health Services**  
**CY 2018 Partnership/PACE Capitation Rate Development**  
**Long Term Care Service Cost Trend Development**

	<b>MPPM Costs, Family Care Experience</b>			<b>2014-2016 Annual Trend</b>	<b>Selected Trend <sup>1</sup></b>
	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>		
Developmentally Disabled	3,447.98	3,498.27	3,540.49	1.33%	1.60%
Physically Disabled	2,220.31	2,262.18	2,266.65	1.04%	1.00%
Frail Elderly	2,411.70	2,475.85	2,502.52	1.87%	1.76%
	<b>Acuity/Risk Scores, Family Care Experience</b>				
	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>		
Developmentally Disabled	0.9854	1.0048	1.0164	1.56%	1.60%
Physically Disabled	0.9900	1.0010	1.0101	1.01%	1.00%
Frail Elderly	0.9888	1.0040	1.0137	1.25%	1.20%
	<b>Risk Adjusted PMPM Costs, Family Care Experience</b>				
	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>		
Developmentally Disabled	3,499.15	3,481.40	3,483.41	-0.23%	0.00%
Physically Disabled	2,242.66	2,260.01	2,243.89	0.03%	0.00%
Frail Elderly	2,439.00	2,466.01	2,468.67	0.61%	0.55%

<sup>1</sup> The final selected trends are based on the results of a regression analysis using monthly PMPM service costs from 2014 - 2016.