

**SeniorCare Waiver Application
Attachment A Budget Neutrality**

Table 1A Hypothetical Scenario Medicaid Members Age 65+ SFY 1998 to SFY 2012

	Pre-Waiver Submitted in Original Waiver to CMS ¹				
	Actual SFY98	Actual SFY99	Actual SFY00	Actual SFY01	Actual SFY02 ³
Member Months	765,095	762,290	763,574	759,105	765,297
Members	63,758	63,524	63,631	63,259	63,775
Cost per Member per Month (PMPM)	\$1,385	\$1,426	\$1,489	\$1,559	\$1,709
Net Medicaid Expenditures ²	\$1,059,737,542	\$1,086,982,017	\$1,136,742,709	\$1,183,751,984	\$1,307,723,150
Cost per Member Change		2.9%	4.4%	4.7%	9.6%
Member Month Change		-0.4%	0.2%	-0.6%	0.8%

¹ Pre-waiver cost, utilization, and enrollment was not fully compiled before the original waiver application was submitted to CMS (March 28th, 2002). SFY02 total Medicaid expenditures, eligible member months and cost per eligible per month have been updated to reflect actuals.

² Net of drug rebates and dual-eligible drug spend, including Home and Community Based Services (HCBS) waivers and other financial payments.

³ SFY 02 total medicaid expenditures adjusted 12 million, from 1,326,699 to 1,307,723,150, to subtract administration costs and the non-MA Community Options Program. Increase between SFY 01 and 02: The nursing home supplement increased by \$36 million (from \$40 to \$77 million). Additionally, Family Care expansion began in 2001 and continues to expand and will continue to expand over the next three years.

	Projections Submitted to CMS in SFY10-SFY12 Waiver Request to CMS						
	SFY03	SFY04	SFY05	SFY06	SFY07	SFY 08 ²	SFY 09
Member Months	780,603	796,215	812,139	824,321	832,564	832,564	831,732
Member Months Percent Change		2.0%	2.0%	1.5%	1.0%	0.0%	-0.1%
Members	65,050	66,351	67,678	68,693	69,380	69,380	69,311
Rate of Diversion (Part D)	0%	0%	0%	0.5%	1.0%	2.0%	4.0%
Number of Member Months Diverted (Part D)	0	0	0	4,061	8,243	16,651	33,269
Adjusted Member Months	780,603	796,215	812,139	820,260	824,321	815,913	798,462
Cost Per Member per Month Net of Rebates (PMPM) ³	\$1,816	\$1,931	\$2,053	\$2,182	\$2,319	\$2,389	\$2,461
Adjusted Cost PMPM Net of Rebates (Part D)	\$1,816	\$1,931	\$2,053	\$1,931	\$2,121	\$2,168	\$2,233
Medicaid Expenditures	\$1,417,911,902	\$1,537,385,159	\$1,666,925,233	\$1,583,922,060	\$1,748,384,841	\$1,768,592,173	\$1,782,688,935
Initiatives ¹	\$0	-\$24,500,000	-\$56,000,000	-\$28,000,000	\$0	\$0	\$0
Net Expenditures	\$1,417,911,902	\$1,512,885,159	\$1,610,925,233	\$1,555,922,060	\$1,748,384,841	\$1,768,592,173	\$1,782,688,935

¹ Initiatives are cost savings from the following policy changes: prior authorization, preferred drug list, generic first, supplemental rebates and reimbursement rates.

² Trend rates reflect figures negotiated with CMS from the original budget neutrality worksheet (eligible member months: 2.0% and cost per eligible: 6.30%).

³ Cost per member change for SFY 2008 to SFY 2009 is conservative estimate based on negotiated trend rate of 6.3%. Declines in member month change for SFY 2009 reflects continued Part D diversion and increases beginning SFY08 to correspond with changes in SeniorCare member eligible month decreases.

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	Projections Submitted to CMS in CY13-15 Waiver Request to CMS Using Actuals to Readjust Estimates ¹		
	CY10	CY11	CY12
Member Months	855,909	880,788	906,391
Member Month Change ²	2.9%	2.9%	2.9%
Members ³	71,326	73,399	75,533
Rate of Diversion from Medicaid due to Part D ⁴	2.31%	2.04%	2.17%
Rate of Diversion from Medicaid due to ACA change ⁵	0.00%	0.14%	0.12%
Number of Member Months Diverted (Part D & ACA)	19,751	19,207	20,763
Adjusted Member Months	836,157	861,581	885,628
Cost per Member per Month Net of Rebates (PMPM)	\$1,999	\$1,960	\$2,008
Net Medicaid Expenditures⁶	\$1,671,731,953	\$1,688,615,154	1,778,416,696
Intervention-based Services MTM Initiative ⁷			\$152,515
Comprehensive Medication Review (CMR) MTM Initiative ⁷			\$677,990
All Funds Net Expenditures with Initiatives	\$1,671,731,953	\$1,688,615,154	1,779,247,201

¹ Member Months CY 2010 to CY 2012 were recalculated in order to better reflect actual experience in the Medicaid Program.

² Member months change percentages are based on Medicaid trends. Trends for CY 2010 to 2012 are based on Medicaid trends from CY 2009 to CY 2011.

³ Continued diversion occurs as people who would have signed up for Medicaid are signing up for Part D. Total Member Months diverted in CY 2010 and CY 2011 calculated as the difference between the member months above and the Medicaid member months for the same years.

⁴ Diversion attributable to Part D is based on the national average share of Medicare eligibles enrolled in Part D, from data published in the Medicare & Medicaid Research Review 2012 Statistical Supplement.

⁵ Changes in diversion due to ACA changes is based on the year-to-year change in Medicare Part D enrollment from the 2012 Medicare Trustees Report.

⁶ Net Expenditures calculated as adjusted member months multiplied by cost per member per month.

⁷ Medication Therapy Management (MTM) service initiative would have been implemented in 2012 for those 65+ years of age, regardless of SeniorCare.