

SeniorCare Waiver Application Attachment A Budget Neutrality

Table 1A: Hypothetical Scenario Medicaid Members Age 65+

	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 28, 2002). SFY 2002 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 2002 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 2001 and SFY2002: The nursing home supplement increased by \$36 million (from \$40 to \$76 million). Additionally, Family Care expansion began in 2001 and continues to expand.

	Projections Previously Submitted 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 with Initiatives	\$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: 6.3%).

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

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	Projections Previously Submitted to CMS		
	CY10	CY11	CY12
Member Months ¹	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
Medicaid Expenditures⁶	\$1,671,731,953	\$1,688,615,154	1,778,416,696
Net Expenditures with Initiatives	\$1,671,731,953	\$1,688,615,154	1,779,247,201

¹ Member Months CYs 2010-2012 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 CYs 2010-2012 are based on Medicaid trends from CYs 2009-2011.

³ Continued diversion occurs as people who would have signed up for Medicaid are signing up for Medicare 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 Medicare Part D is based on the national average share of Medicare eligibles enrolled in Medicare 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.

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Table 1B: Hypothetical Medicaid Members Age 65+

	Re-estimated Base Numbers Using Actuals to Estimate the CY 2016 to 2018 Waiver			New Projections			
	CY13	CY14	CY15	CY16	CY17	CY18	3-year Total
Member Months ¹	923,404	940,285	956,508	976,711	997,341	1,018,407	2,992,459
Members 65+ ²	76,950	78,357	79,709	81,393	83,112	84,867	249,372
Member Months Change	1.9%	1.8%	1.7%	2.1%	2.1%	2.1%	
Total Member Months Diverted ³	36,076	39,397	42,780	46,425	50,196	54,098	150,718
Total Diversion Rate	3.9%	4.2%	4.5%	4.8%	5.0%	5.3%	
Rate of Diversion from Medicaid due to Part D ⁴	1.29%	1.43%	1.58%	1.72%	1.84%	1.96%	
Adjusted Members 65+ after Diversion	75,960	77,235	78,451	79,994	81,579	83,208	244,782
Number of Member Months Diverted	11,886	13,465	15,099	16,778	18,392	19,911	55,080
Adjusted Member Months after Diversion	911,518	926,820	941,408	959,934	978,949	998,496	2,937,378
Cost per Member Per Month (PMPM) ⁵	\$1,883	\$1,855	\$1,890	\$1,927	\$1,964	\$2,001	
PMPM Change	-3.8%	-1.5%	1.9%	1.9%	1.9%	1.9%	
Net Expenditures	\$1,716,106,261	\$1,719,105,098	\$1,779,623,030	\$1,849,442,237	\$1,922,276,957	\$1,998,319,778	\$5,770,038,972

¹ Member Months CYs 2013-2015 were recalculated in order to better reflect actual experience in the Medicaid Program. Member months for CYs 2013-2015 and projected CYs 2016-2018 were calculated by increasing the prior year's member months by the actual growth rate experienced in Wisconsin, plus 0.3%. The added 0.3% per year is to reflect further diversions from Medicare Part D and SeniorCare compared to the without waiver scenario.

² Members calculated by dividing member months by 12.

³ Total Member Months diverted in CYs 2013-2018 are calculated by subtracting actual Medicaid member months (Table 2B) from the Medicaid without waiver member months without the SC waiver (Table 1B).

⁴ The availability of Medicare Part D is assumed to divert persons from enrolling in Medicaid since the availability of pharmacy coverage will result in better maintenance of health and postponing the need for long term care under Medicaid. Total Member Months diverted in CYs 2013-2018 were calculated utilizing the diversion level assumed in the previous approved waiver request for CY 2012 and using the footnote 1 assumption.

⁵ Both CYs 2013-2015 and the renewal period CYs 2016-2018 used the projected PMPM from the actual/projected Medicaid member expenditures (Table 2B). This PMPM assumes savings from having healthier members in Medicaid due to SeniorCare participation in earlier years. Comparing current Medicaid members to SeniorCare members in previous years, there are approximately 10,000 Medicaid members that previously participated in SeniorCare.

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Table 2A: Medicaid Members 65+ and Expenditures, including but not limited to Pharmacy

Pre-Waiver Expenditures Previously Submitted in original waiver to CMS					
	SFY98	SFY99	SFY00	SFY01	SFY02
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
Medicaid Expenditures Net of Rebates	\$1,059,737,542	\$1,086,982,017	\$1,136,742,709	\$1,183,751,984	\$1,307,723,150
Net Expenditures Change		2.6%	4.6%	4.1%	10.5%
Member Months Change		-0.4%	0.2%	-0.6%	0.8%
Cost per Member Change		2.9%	4.4%	4.7%	9.6%

With Waiver Projections Submitted for CY 2009-12 waiver to CMS						
	SFY03	SFY04	SFY05	SFY06 ¹	SFY07	Actual CY08 ²
Member Months	775,224	760,092	765,516	760,728	767,052	780,852
Estimated Members	64,602	63,341	63,793	63,394	63,921	65,071
Cost per Member per Month (PMPM)	\$1,779	\$1,853	\$1,929	\$1,854	\$1,879	\$1,757
Medicaid Expenditures Net of Rebates	\$1,379,133,558	\$1,408,828,437	\$1,477,055,849	\$1,410,717,267	\$1,441,310,377	\$1,372,010,896

¹ SFY06 temporary decrease in member months due to introduction of Medicare Part D.

² SFY08 data based on actuals.

With Waiver Projections Previously Submitted to CMS			
	CY09	CY10	CY11
Member Months	807,768	822,432	850,872
Estimated Members	67,314	68,536	70,906
Cost per Member per Month (PMPM)	\$1,737	\$1,814	\$1,786
Medicaid Expenditures Net of Rebates ¹	\$1,403,224,935	\$1,491,757,296	\$1,519,800,054

¹ Medicaid expenditures net of rebates are calculated using estimated rebate amounts because of data limitations.

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Table 2B: Actual Medicaid Members 65+ Expenditures, excluding SeniorCare

	Updated Base for Actuals					New Projections			
	CY11	CY12	CY13	CY14	Estimated CY15	CY16	CY17	CY18	3-year Total
Member Months 65+	850,872	873,552	887,328	900,888	913,728	930,286	947,145	964,309	2,841,740
Members 65+	70,906	72,796	73,944	75,074	76,144	77,524	78,929	80,359	236,812
Member Change ¹	3.5%	2.7%	1.6%	1.5%	1.4%	1.8%	1.8%	1.8%	
Cost per Member per Month (PMPM)	\$1,812	\$1,802	\$1,805	\$1,777	\$1,813	\$1,849	\$1,886	\$1,924	
Cost per Member Change ²	-1.0%	-0.5%	0.1%	-1.5%	2.0%	2.0%	2.0%	2.0%	
Gross Expenditures ³	\$1,541,676,418	\$1,574,510,124	\$1,601,555,930	\$1,600,941,815	\$1,656,234,593	\$1,719,973,540	\$1,786,165,434	\$1,854,904,672	\$5,361,043,646
Rebates ⁴	\$6,679,751	\$5,586,881	\$5,001,998	\$5,850,792	\$5,909,300	\$6,027,486	\$6,148,036	\$6,270,996	\$18,446,518
Rebates Change		-16.36%	-10.47%	16.97%	1.00%	1.00%	1.00%	1.00%	
Net Expenditures	\$1,534,996,668	\$1,568,923,244	\$1,596,553,932	\$1,595,091,023	\$1,650,325,293	\$1,713,946,054	\$1,780,017,398	\$1,848,633,676	\$5,342,597,128

¹ Member change percentage for CYs 2016-2018 based on the actual prior year trend increased in proportion to the projection increase in Wisconsin's projected aged population relative to the base period.

² The PMPM trend, which includes Long-Term Care and FamilyCare, was modified significantly from the base period of CYs 2013-2015 in order to revise an unusually low average annual rate from CYs 2012-2015.

³ CYs 2016-2018 gross expenditures were calculated by multiplying the cost per member per month (PMPM) and the number of member months.

⁴ Rebates are estimated by using the base period relationship between rebates and drug expenditures and applying that percentage to the projected period drug expenditures.

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Table 3A: SeniorCare

	Previously Reported to CMS					
	Actuals					Projected
	SFY03 ¹	SFY04	SFY05	SFY06	SFY07	SFY08
Member Months	550,358	806,585	843,508	883,616	884,626	785,584
Member Months Change		46.6%	4.6%	4.8%	0.1%	-11.2%
Members ²	45,863	67,215	70,292	73,635	73,719	65,465
Cost per Member per Month (PMPM)	\$59.79	\$77.53	\$88.49	\$91.95	\$83.79	\$78.41
Cost PMPM Change		29.7%	14.1%	3.9%	-8.9%	-6.4%
Gross Expenditures	\$77,620,456	\$135,832,078	\$154,569,397	\$165,983,179	\$163,466,833	\$145,962,940
Gross Expenditures with Initiative	\$77,620,456	\$135,832,078	\$154,569,397	\$165,983,179	\$163,466,833	\$145,962,940
Gross Expenditures Change		75.0%	13.8%	7.4%	-1.5%	-10.7%
Spenddown, Deductible & Copays	\$30,752,744	\$45,754,808	\$46,942,625	\$40,984,453	\$39,926,279	\$34,802,485
Deductible & Copays Change		48.8%	2.6%	-12.7%	-2.6%	-12.8%
Drug Manufacturer Rebates	\$13,961,625	\$27,540,314	\$32,986,362	\$43,749,554	\$49,416,222	\$49,559,346
Rebate Change			19.77%	32.63%	0.00%	0.29%
Net Annual Expenditures	\$32,906,087	\$62,536,956	\$74,640,410	\$81,249,172	\$74,124,332	\$61,601,109
Net Annual Expenditure Change			19.35%	8.85%	-8.77%	-16.89%

¹ SFY 2003 is lower than other years because the SeniorCare program was not in place for the full fiscal year.

² Members estimated by dividing Member Months by 12.

	Previously Reported to CMS		
	Actuals		
	CY09	CY10	CY11
Member Months	727,327	739,824	719,030
Member Months Change	-7.42%	1.7%	-2.8%
Members	60,611	61,652	59,919
Cost per Member per Month (PMPM)	\$ 179.94	\$ 168.22	\$ 157.92
Cost PMPM Change	-3.2%	-6.5%	-6.1%
Gross Expenditures	\$130,873,828	\$124,453,554	\$113,548,836
Intervention-based Services MTM Initiative ⁵			
Comprehensive Medication Review (CMR) MTM Initiative ⁵			
Gross Expenditures with Initiative	\$130,873,828	\$124,453,554	\$113,548,836
Spenddown, Deductible & Copays	\$24,107,858	\$22,426,684	\$20,474,563
Deductible & Copays Change	-31%	-7.0%	-8.7%
Drug Manufacturer Rebates	\$53,218,657	\$55,570,501	\$49,969,867
Rebate Change	7.4%	4.4%	-10.1%
Net Annual Expenditures	\$53,547,313	\$46,456,369	\$43,104,406
Net Annual Expenditure Change	-13.07%	-13.24%	-7.22%

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Table 3B: Actual SeniorCare

	Actual			New Projections				
	CY12	CY13	CY14	Estimated CY15	CY16	CY17	CY18	3-year Total
Member Months	650,607	618,474	599,986	593,986	593,986	599,926	611,925	1,805,837
Member Months Change ¹	-7.8%	-4.9%	-3.0%	-1.0%	0.0%	1.0%	2.0%	
Members	54,217	51,540	49,999	49,499	49,499	49,994	50,994	150,486
Cost per Member per Month	\$ 154.24	\$ 153.92	\$ 172.02	\$ 189.22	\$ 208.15	\$ 228.96	\$ 251.86	
Cost per Member per Month Change ²	-4.1%	-0.2%	11.8%	10.0%	10.0%	10.0%	10.0%	
Gross Expenditures ³	\$100,347,375	\$95,196,755	\$103,211,058	\$112,396,842	\$123,636,526	\$137,360,181	\$154,118,123	\$415,114,830
Gross Expenditures with Initiative	\$100,347,375	\$95,196,755	\$103,211,058	\$112,396,842	\$123,636,526	\$137,360,181	\$154,118,123	\$415,114,830
Deductible & Copays	\$15,682,274	\$14,467,865	\$13,759,765	\$13,622,167	\$13,622,167	\$13,758,389	\$14,033,557	\$41,414,114
Deductible & Copays Change	-16.9%	-7.7%	-4.9%	-1.0%	0.0%	1.0%	2.0%	
Rebates	\$48,007,630	\$44,948,791	\$51,315,266	\$57,582,353	\$64,770,536	\$73,416,651	\$83,871,923	\$222,059,111
Rebates as percent of state paid amount	64%	63%	65%	65%	65%	65%	65%	
Rebates Change	-4.9%	-6.4%	14.2%	12.2%	12.5%	13.3%	14.2%	
Net Expenditures	\$27,516,868.60	\$26,656,130.76	\$27,437,579.87	\$30,788,507	\$34,631,931	\$39,254,892	\$44,845,185	\$118,732,008

¹ Member Months Change for the projection period of CYs 2016-2018 reflects the changing trend during the base period in which declines are moderate. As a result of recent growth in the "non-waiver" SeniorCare population (200-240 percent of the FPL) and higher projected growth of the aged population in Wisconsin, it has been assumed that SeniorCare enrollment will grow in CY 2017 and CY 2018.

² Cost per member month in the projection period reflects the recent increase in utilization experienced in CY 2014 and the first half of CY 2015 and is expected to continue.

³ Gross Expenditures are calculated as Member months multiplied by Cost PMPM for the projection period.

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Table 4: Comparison of Expenditures

Comparison	Re-estimated Base Numbers Using Actuals to Estimate the Current Waiver Period			Projections		
	CY13	CY14	CY15	CY16	CY17	CY18
Medicaid Net With Waiver Expenditures	\$1,596,553,932	\$1,595,091,023	\$1,650,325,293	\$1,713,946,054	\$1,780,017,398	\$1,848,633,676
SeniorCare Net Expenditures	\$26,656,131	\$27,437,580	\$30,788,507	\$34,631,931	\$39,254,892	\$44,845,185
Total Net With Waiver Expenditures (MA Plus SC)	\$1,623,210,062	\$1,622,528,603	\$1,681,113,800	\$1,748,577,986	\$1,819,272,290	\$1,893,478,861
Without Waiver Medicaid Expenditures	\$1,716,106,261	\$1,719,105,098	\$1,779,623,030	\$1,849,442,237	\$1,922,276,957	\$1,998,319,778
Savings with Waiver	\$92,896,199	\$96,576,495	\$98,509,230	\$100,864,251	\$103,004,667	\$104,840,918