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August 3, 2010

Ms. Michele Hudson
Bureau Chief
State of Florida Agency for Health Care Administration
Medicaid Program Analysis
2727 Mahan Drive – Mailstop 21
Tallahassee, FL 32308-5407

Re: Child Welfare Prepaid Mental Health Plan Capitation Rate Development – DRAFT

Dear Michele:

Thank you for the opportunity to assist the Agency for Health Care Administration (AHCA) with this important project. Our draft report summarizes the development of the September 1, 2010 – August 31, 2011 capitation rates for the Child Welfare Prepaid Mental Health Plan program. Please call me if you have questions. We look forward to discussing the report with you.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Meerschaert", with a long, sweeping horizontal stroke extending to the right.

John D. Meerschaert
Principal and Consulting Actuary

JDM/vrr

Attachments



**State of Florida
Agency for Health Care Administration
September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rate
Development
DRAFT REPORT**

DRAFT

Prepared for:
State of Florida

Prepared by:
Milliman, Inc.

Shelly S. Brandel, FSA
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H:\SFL01 (State of Florida)\2010\SFL01 - 60 (Mental Health)\CWPMHP Sep10-Aug11 Rates\Work Product\2010-08-03 - Draft Results\Report09 - Child Welfare Prepaid Mental Health Plan - Sep10-Aug11.docx

This report assumes that the reader is familiar with the State of Florida's Medicaid program, its benefits, and rate setting principles. The material was prepared solely to provide assistance to AHCA to set September 1, 2010 – August 31, 2011 capitation rates for this 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

**State of Florida – Agency for Health Care Administration
September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rate Development**

August 3, 2010

I. EXECUTIVE SUMMARY

This draft report documents the development of September 1, 2010 – August 31, 2011 capitation rates for Florida's Medicaid Child Welfare Prepaid Mental Health Plan (CWPMHP) program.

The Florida Agency for Health Care Administration (AHCA) retained Milliman, Inc. (Milliman) to develop and certify its capitation rate development. Milliman's role is to calculate and certify actuarially sound September 1, 2010 – August 31, 2011 capitation rates to comply with CMS regulations and the CMS rate setting checklist.

This report documents the development of the September 1, 2010 – August 31, 2011 CWPMHP capitation rates. Appendix A shows a comparison of the September 1, 2010 – August 31, 2011 to the September 1, 2009 – August 31, 2010 CWPMHP capitation rates. The September 1, 2010 – August 31, 2011 CWPMHP capitation rate calculations are displayed in Appendices B through D. Appendix E contains our actuarial certification.

Section II of this report documents the CWPMHP capitation rate methodology. Section III discusses the encounter data processing and validation. Section IV discusses issues related to the CMS rate setting checklist.

CWPMHP BACKGROUND

The CWPMHP covers comprehensive mental health services for the eligible HomeSafenet Kids population in Districts 2 – 5, 7 – 9, and 11, and Hillsborough County (part of District 6).

Medipass enrollees and FFS recipients who have certain characteristics are not eligible to enroll in the CWPMHP, such as:

- > Dual eligibles
- > HMO Ineligible, Medically Needy, Pregnant Women, Medikids, and Family Planning
- > Individuals identified as receiving selected services (e.g., nursing home)
- > Individuals enrolled in certain Florida Medicaid programs (e.g., SIPP)

The CWPMHP capitation rate methodology relies on SFY 0809 encounter data to develop capitation rates for the mental health services covered by the CWPMHP. The CWPMHP covers the following mental health services based on AHCA procedure and diagnosis information:

- > Hospital Inpatient
- > Hospital Outpatient
- > Physician

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- > Hospital Inpatient Over 45 Days
- > TFC – Case Management
- > TFC – Community Mental Health
- > Therapy for Foster Care Children

Prepaid Mental Health Plans (PMHPs) are currently operating in Districts 1 and 6 and enroll HomeSafenet Kids. PMHPs in Districts 2 – 5, 7 – 9, and 11, and Hillsborough County will not enroll HomeSafenet Kids. The rate setting methodology for the CWPMHP is consistent with the rating methodology for the PMHPs.

SEPTEMBER 1, 2010 – AUGUST 31, 2011 CAPITATION RATES

Appendix A provides a comparison of the September 1, 2010 – August 31, 2011 capitation rates by District to the September 1, 2009 – August 31, 2010 capitation rates. On a statewide basis, the capitation rates have decreased by 1.8%, varying by District from a decrease of 16.7% in District 8 to an increase of 14.4% in District 4.

FUTURE DIRECTION OF RATE SETTING METHODOLOGY

Now that CWPMHP is operating in Districts 2 - 5, 7 - 9, and 11 and Hillsborough County, Medipass and FFS experience data has continued to age statewide. The September 1, 2010 – August 31, 2011 capitation rates are based on 100% encounter data submitted by the CWPMHP.

AHCA will continue to collect and use encounter and cost data in the rate setting methodology for CWPMHP capitation rates in future years. AHCA is committed to working with the PMHPs, CWPMHP, and HMOs to collect and use credible encounter and cost data in the rate setting process in future years.

DATA RELIANCE AND IMPORTANT CAVEATS

We used encounter cost and eligibility data for SFY 0809, inflation factors, IBNR factors, and administrative load factors to calculate the CWPMHP capitation rates shown in this report. We did not audit the encounter data provided by AHCA, but we did assess the data for reasonableness as documented in this report. If the data used is inaccurate or incomplete, the results will be likewise inaccurate or incomplete.

Differences between the capitation rates and actual experience will depend on the extent to which future experience conforms to the assumptions made in the capitation rate 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 better or worse than expected.

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Our report is intended for the internal use of AHCA to develop September 1, 2010 – August 31, 2011 CWPMHP capitation rates. 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. It 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 terms of Milliman's contract with AHCA signed on February 5, 2008, and all subsequent amendments, apply to this report and its use.

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II. CWPMHP CAPITATION RATE METHODOLOGY

This section of our report describes the September 1, 2010 – August 31, 2011 CWPMHP capitation rate methodology. The capitation rates are based on SFY 0809 encounter data submitted by the CWPMHP.

The methodology used to collect, process, and validate the encounter data submitted by the CWPMHP is described in Section III of this report.

RESULTS

Table 1 summarizes September 1, 2010 – August 31, 2011 capitation rates compared to the September 1, 2009 – August 31, 2010 capitation rates.

Appendix A summarizes the capitation rate changes from September 1, 2009 – August 31, 2010 to September 1, 2010 – August 31, 2011 by age category. On a statewide basis, the capitation rates have decreased by 1.8%, varying by District from a decrease of 16.7% in District 8 to an increase of 14.4% in District 4.

Table 1 Summary of Results Child Welfare Prepaid Mental Health Capitation Rates			
District	September 2009 – August 2010 Rates *	September 2010 – August 2011 Rates *	Rate Change
2	\$229.89	\$195.51	-15.0%
3	157.00	165.31	5.3%
4	210.63	240.87	14.4%
5	242.15	237.99	-1.7%
6	214.33	232.82	8.6%
7	311.74	296.16	-5.0%
8	176.12	146.78	-16.7%
9	282.84	298.10	5.4%
11	281.70	261.30	-7.2%
Statewide	\$237.14	\$232.84	-1.8%

* All rates are composited using SFY 0809 encounter data case months by age category to allow for consistent comparisons by eligibility category.

OVERVIEW OF METHODOLOGY STEPS

The CWPMHP blended method consists of the following steps:

1. Identify age bands for each eligibility category
2. Calculate estimated September 2010 – August 2011 encounter data costs by eligibility category and district

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3. Calculate statewide age factors by age band and eligibility category
4. Perform cost smoothing to address historical cost anomalies in the experience data
5. Apply statewide age factors

STEP 1: IDENTIFY AGE BANDS

The September 1, 2010 – August 31, 2011 capitation rates calculations are based on the same age bands used in prior years. Table 2 presents the age bands used for each eligibility category in the September 1, 2010 – August 31, 2011 capitation rate methodology.

Table 2 CWPMHP Methodology Age Bands	
Under 1	6 – 13
1 – 5	14 – 20

STEP 2: CALCULATE ESTIMATED SEPTEMBER 1, 2010 – AUGUST 31, 2011 ENCOUNTER DATA COSTS BY DISTRICT

In Step 2, all age band costs are combined to develop the all ages district-wide estimated costs for the CWPMHP services by eligibility category.

The Step 2 procedure is summarized below:

1. Summarize the SFY 0809 encounter data costs per eligible per month (PEPM) for each district by eligibility category and service category for all CWPMHP covered service categories.
2. Trend SFY 0809 encounter data costs PEPM to September 2010 – August 2011. The trend factors are established by the Florida Estimating Conference to reflect anticipated utilization and allowed charge trend and are used for budgeting as well as rate setting. Milliman reviewed the trend factors for reasonableness.
 - > We decreased the SFY 0809 to 1011 inflation factor for hospital inpatient and CSU from 1.0878 to 1.0750 for TANF.
 - > We increased the SFY 0809 to 1011 inflation factor for physician services from 1.0000 to 1.0704 for TANF.
 - > We increased the Community Mental Health and Case Management inflation factors for children to equal those used for adults for SFY 0809 to September 2010 – August 2011.
 - > We believe that the adjusted inflation factors represent the expected change in per capita cost between SFY 0809 and September 2010 – August 2011.

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3. Adjust the projected September 2010 – August 2011 costs for the following:

- > **CWPMHP Administrative Costs:** We added a 13% allowance (as a percentage of the capitation rate) for CWPMHP administrative services. The encounter data rate must include an allowance for administrative service because it is based on the actual utilization of services by CWPMHP enrollees. We selected a 13% administration load based on typical administrative costs of behavioral health organizations across the country, a 2% of revenue margin allowance, and our judgment.
- > **Incurred But Not Reported (IBNR) Claims:** AHCA estimated an additional 2.17% of claims are paid after each year's data is summarized. AHCA summarizes each SFY of data six months after it ends. For example, SFY 0809 data includes claims paid through December 31, 2009. The IBNR adjustment reflects an estimate of the claims that will be paid after December 31, 2009 for SFY 0809 incurred claims. We assumed the CWPMHP encounter data would have a similar IBNR factor.
- > **Data Underreporting Adjustment:** In the current rates, we used a data underreporting factor of 1.000 since we expect the encounter data to be complete. This assumption is consistent with last year.

Incorporating these three adjustments produces an overall capitation rate for each district and eligibility category in total. Appendices C1 and C2 present the detailed September 2010 – August 2011 encounter data cost estimates.

STEP 3: CALCULATE STATEWIDE AGE FACTORS

The September 1, 2010 – August 31, 2011 methodology sets the cost relativities among age bands using statewide encounter data. The district-wide rate by eligibility category is based on district-specific total costs, but the relationships between age bands are standardized to statewide relativities.

In Step 2, all age band costs are combined to develop the all ages statewide estimated costs for the CWPMHP services. In Step 3, we calculate age factors for the age categories shown in Table 2 based on statewide data. In Step 4, the district specific total costs are allocated by age category based on the statewide relativities. The methodology used to calculate the statewide age factors is described below:

1. Summarize the SFY 0809 encounter data cost by eligibility, age, and service category for all CWPMHP covered service categories and trend to September 2010 – August 2011 using the trends described in Step 2 above.
2. Calculate the statewide age factors based on the ratio of the composite September 2010 - August 2011 PEPM cost in each age category relative to the total weighted average cost for all age categories combined.

The development of the statewide age factors is shown in Appendices D1 and D2.

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STEP 4: PERFORM COST SMOOTHING BY DISTRICT

The September 1, 2010 – August 31, 2011 methodology includes a cost smoothing component to address historical cost anomalies in the experience data. The cost smoothing procedure is summarized below:

1. Summarize the September 1, 2010 – August 31, 2011 costs PEPM from Step 2 above by District.
2. Calculate the average age factor for each District based on the statewide age factors from Step 3 above.
3. Calculate the average reimbursement factor for each District based on the SFY 0809 encounter data used to develop the rates. The average reimbursement factor reflects the observed differences in hospital inpatient and hospital outpatient reimbursement levels for the services provided in each District. We assumed other services are paid using the same statewide fee schedule.
4. Normalize the September 1, 2010 – August 31, 2011 blended cost by District for each District's average age factor and average reimbursement factor. This step puts each District's costs on the same basis so that a consistent comparison can be made.
5. We adjusted the normalized September 1, 2010 – August 31, 2011 blended costs of those Districts that were greater than 20% above or below the average in the following way:
 - > If a District has costs that are over 120% of the average, adjust that District's costs to be 50% closer to the 120% goal.
 - > If a District has costs that are less than 80% of the average, adjust that District's costs to be 50% closer to the 80% goal.

Increases were made to Districts 3 and 8 and decreases were made to Districts 7 and 9.

6. The preliminary smoothed results are adjusted back to each District's age and reimbursement factor.
7. The final September 1, 2010 – August 31, 2011 PMPM is adjusted to be equal to the average September 1, 2010 – August 31, 2011 PMPM prior to the smoothing step so that the entire cost smoothing step is revenue neutral on a statewide basis (i.e., AHCA is expected to pay out the same amount in capitation payments on a statewide basis whether the smoothing step is done or not).

The impact of this adjustment is shown as the Budget Neutrality Factor of 1.0003 in Appendix B2. Budget neutrality is demonstrated by comparing the trended September 1, 2010 – August 31, 2011 composite PMPM in Appendix B2 prior to and after the smoothing step.

8. The final September 1, 2010- August 31, 2011 PMPM for District 6 is set equal to the statewide average because credible experience data for District 6 is not yet available.

Appendix B2 presents the cost smoothing step.

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STEP 5: APPLY STATEWIDE AGE FACTORS

The final capitation rates by district and age band are calculated using the following process:

1. Start with the district-specific September 2010 – August 2011 cost calculated in Step 4 for each district.
2. Develop the District's average age factor using the SFY 0809 enrollment and statewide age factors calculated in Step 3.
3. Normalize the age factors by dividing by the average age factor for each district.
4. Multiply the district-specific September 2010 – August 2011 estimated costs by the normalized age factors to calculate the age band rate for each district.

The Step 5 details are shown in Appendix B1.

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III. ENCOUNTER DATA PROCESSING AND VALIDITY TESTING

The September 2010 – August 2011 CWPMHP capitation rates are based on SFY 0809 encounter data submitted by the CWPMHP. This section of the report describes the process of collecting and processing the encounter data used for the capitation rates. This is the same general methodology we used in prior years.

In early 2010, AHCA worked with the CWPMHP to collect a standard set of SFY 0809 encounter data to be used in the rate setting methodology. The data was forwarded to Milliman to be considered for use in the September 2010 – August 2011 rate methodology. We worked with the plans to provide encounter data summaries and identify data reporting issues.

The first step was to process the encounter data to allow for validation comparisons by eligibility group and service category. We received eligibility information to group claims and case months by eligibility category, and age category.

AHCA provided several validation tests with the encounter data. We used the following validity tests to determine which claims to allow into the Encounter Method:

- > Claims must be for a recipient who is enrolled in a CWPMHP (the recipient may also be enrolled in an HMO at the same time).
- > Claims must have appropriate diagnosis coding indicating a mental health claim based on AHCA coding definitions. However, claims for covered services (i.e., obvious mental health procedure codes) without appropriate diagnosis coding were not removed.
- > Claims for non-hospital inpatient laboratory services were removed.
- > Duplicate claims were removed.

The CWPMHP provided paid claims information in their encounter data submission. We attempted to assign estimated paid amounts to any claims with \$0 payments using the following five fee schedules (in order of precedence):

1. We priced hospital stays with a \$0 reported paid amount using the HMO's or PMHP's average reported per diem by district.
2. The second fee schedule was AHCA's fiscal year specific FFS Medicaid fee schedule. We assigned Florida Medicaid fees to claims using a combination of the procedure code and the first and second modifier codes.
3. The third fee schedule was also based on AHCA's fiscal year specific Medicaid fee schedule, but the modifier-specific fees were averaged for each procedure code. We applied the second fee schedule to the \$0 encounter claims if we could not match both procedure code and modifier code(s).

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4. We developed the fourth fee schedule by procedure code based on the submitted PMHP and HMO encounter data that included fees.
5. The fifth fee schedule by revenue code is developed from the encounter data from the PMHPs and HMOs that included fees.

After we cycled through all five fee schedules, approximately 0.2% of PMHP and HMO encounter claims remained with a \$0 payment. We excluded these remaining encounter claims.

We also performed the following types of validity tests to determine the credibility of the submitted encounter data:

- > *Assessment of average reimbursement per unit of service.* We noticed the CWPMHP generally reimburses hospital inpatient services at a lower rate than the FFS Medicaid per diems. The CWPMHP hospital inpatient payment rates are more in line with typical Medicaid and commercial per diems for mental health services, while FFS Medicaid pays an all inclusive per diem rate per hospital. Other reimbursement rates also appeared to be reasonable.
- > *Cost relationships by eligibility category and year.* We compared the PMPM encounter costs and determined that the relationships between categories appeared reasonable.

We did not audit the encounter data provided by AHCA, but we did assess the data for reasonableness as documented in this report. If the data used is inaccurate or incomplete, the results will be likewise inaccurate or incomplete.

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IV. CMS RATE SETTING CHECKLIST ISSUES

This section of the report lists each item in the CMS checklist and either discusses how AHCA addresses each issue 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 rate setting methodology

Please refer to Sections II and III of this report.

AA.1.1 – Actuarial certification

Please refer to Appendix E for our actuarial certification of the September 1, 2010 – August 31, 2011 capitation rates.

AA.1.2 – Projection of expenditures

AHCA will provide a projection of expenditures based on the capitation rates in this report and projected enrollment.

AA.1.3 – Procurement, prior approval, and rate setting

AHCA develops state set rates. Please refer to Sections II and III of this report for details.

Note – there is no item AA.1.4 in the checklist

AA.1.5 – Risk contracts

The CWPMHP meet the criteria of a risk contract.

AA.1.6 – Limit on payment to other providers

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

AA.1.7 – Rate modifications

The September 1, 2010 – August 31, 2011 rates documented in this report are the initial capitation rates for the September 1, 2010 – August 31, 2011 CWPMHP contracts.

AA.2.0 – Base year utilization and cost data

The capitation rates are based on SFY 0809 encounter data submitted by the CWPMHP.

The capitation rates are developed to reflect the cost of State Plan services that are covered under the CWPMHP contracts.

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AA.2.1 – Medicaid eligibles under the contract

Data for FFS populations not eligible to enroll in a CWPMHP has been excluded from the base data.

AA.2.2 – Dual eligibles

Dual eligibles are not able to enroll in a CWPMHP.

AA.2.3 – Spend down

It is our understanding spend down has been handled appropriately.

AA.2.4 – State Plan services only

The base utilization and cost data includes only State Plan services.

AA.2.5 – Services that may be covered by a capitated entity out of contract savings

Services that may be covered by a capitated entity out of contract savings are not included in the data used to develop the September 1, 2010 – August 31, 2011 capitation rates.

AA.3.0 – Adjustments to base year data

All adjustments to the base year data are discussed in Sections II and III and Appendices B and C of this report. In addition, each item in the checklist is addressed in Items AA.3.1 – AA.3.14 below.

AA.3.1 – Benefit differences

It is our understanding the base data used to calculate the capitation rates only includes services covered under the managed care contracts.

AA.3.2 – Administrative cost allowance calculations

The capitation rates include an explicit 13% load for administration and margin.

AA.3.3 – Special population adjustments

The encounter base data used to calculate the capitation rates is assumed to be consistent with the managed care population. No special population adjustment was necessary.

AA.3.4 – Eligibility adjustments

We believe the base data eligibility is representative of managed care enrollment.

AA.3.5 – DSH payments

DSH payments are not included in the capitation rates.

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AA.3.6 – Third party liability (TPL)

The CWPMHP rates are based 100% on encounter data that is net of any TPL recoveries, therefore no adjustment was made.

AA.3.7 – Copayments, coinsurance, and deductibles in capitated rates

It is our understanding the base data does not include cost sharing that is not part of the managed care contract. No adjustment was necessary.

AA.3.8 – Graduate medical education (GME)

It is our understanding GME payments are excluded from the base data. No adjustment was necessary.

AA.3.9 – FQHC and RHC reimbursement

It is our understanding FQHC and RHC reimbursement has been handled appropriately. No adjustment was necessary.

AA.3.10 – Medical cost trend inflation

The trend factors are established by the Florida Estimating Conference to reflect anticipated utilization and allowed charge trend and are used for budgeting as well as rate setting. Milliman reviewed the trend factors for reasonableness.

- > We decreased the SFY 0809 to 1011 inflation factor for hospital inpatient and CSU from 1.0878 to 1.0750 for TANF.
- > We increased the SFY 0809 to 1011 inflation factor for physician services from 1.0000 to 1.0704 for TANF.
- > We increased the Community Mental Health and Case Management inflation factors for children to equal those used for adults for SFY 0809 to September 2010 - August 2011.
- > We believe that the adjusted inflation factors represent the expected change in per capita cost between SFY 0809 and September 2010 – August 2011.

AA.3.11 – Utilization adjustments

Utilization trend is included in AA.3.10. No further adjustment was necessary.

AA.3.12 – Utilization and cost assumptions

We believe the base period data is representative of CWPMHP enrollment.

AA.3.13 – Post-eligibility treatment of income (PETI)

Not applicable.

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AA.3.14 – Incomplete data adjustment

We included a 1.0217 adjustment to reflect estimated IBNR claims.

AA.4.0 – Establish rate category groupings

Please refer to Section II of this report.

AA.4.1 – Age

Please refer to Section II of this report.

AA.4.2 – Gender

Please refer to Section II of this report.

AA.4.3 – Locality / Region

Please refer to Sections I and II of this report.

AA.4.4 – Eligibility Categories

Please refer to Sections I and II of this report.

AA.5.0 – Data Smoothing

The September 1, 2010 – August 31, 2011 methodology includes a cost smoothing component to address historical cost anomalies and random fluctuation in the experience data. We adjusted the normalized September 1, 2010 – August 31, 2011 costs of those Districts that were greater than 20% above or below the average in the following way:

- > If a District has costs that are over 120% of the average, adjust that District's costs to be 50% closer to the 120% goal.
- > If a District has costs that are less than 80% of the average, adjust that District's costs to be 50% closer to the 80% goal.

Cost smoothing is done on a revenue neutral basis (i.e., AHCA is expected to pay out the same amount in capitation payments on a statewide basis whether the smoothing step is done or not). See Section II – Step 4 of the report for more details.

AA.5.1 – Special populations and assessment of the data for distortions

We did not identify any material distortions caused by special populations.

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AA.5.2 – Cost-neutral data smoothing adjustment

The September 1, 2010 – August 31, 2011 methodology includes a cost smoothing component to address historical cost anomalies and random fluctuation in the experience data. We adjusted the normalized September 1, 2010 – August 31, 2011 costs of those Districts that were greater than 20% above or below the average in the following way:

- > If a District has costs that are over 120% of the average, adjust that District's costs to be 50% closer to the 120% goal. This is consistent with the smoothing step in prior years.
- > If a District has costs that are less than 80% of the average, adjust that District's costs to be 50% closer to the 80% goal.

Cost smoothing is done on a revenue neutral basis (i.e., AHCA is expected to pay out the same amount in capitation payments on a statewide basis whether the smoothing step is done or not). See Section II – Step 4 of the report for more details.

AA.5.3 – Risk adjustment

AHCA did not use a health status or diagnosis based risk adjustment technique. The only risk adjustment technique used was age.

AA.6.0 – Stop loss, reinsurance, or risk sharing arrangements

None

AA.6.1 – Commercial reinsurance

AHCA does not require entities to purchase commercial reinsurance.

AA.6.2 – Simple stop loss program

None

AA.6.3 – Risk corridor program

None

AA.7.0 – Incentive arrangements

None

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APPENDIX A

**Comparison of September 1, 2010 – August 31, 2011 to
September 1, 2009 – August 31, 2010
Child Welfare Prepaid Mental Health Plan Capitation Rates**

DRAFT

This report assumes that the reader is familiar with the State of Florida's Medicaid program, its benefits, and rate setting principles. The material was prepared solely to provide assistance to AHCA to set September 1, 2010 – August 31, 2011 capitation rates for this 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

State of Florida – Agency for Health Care Administration
September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rate Development

August 3, 2010

Appendix A
Florida Agency for Health Care Administration
CWPMHP Capitation Rate Development - By District
September 1, 2009 - August 31, 2010 and September 1, 2010 - August 31, 2011 Capitation Rate Comparison

Eligibility Category: Home Safenet Kids
District: 2

Age Range	Case Months	September 1, 2009 -	September 1, 2010 -	% Change
		August 31, 2010	August 31, 2011	
		Capitation Rate	Capitation Rate	
Under 1	1,831	7.50	29.77	296.9%
1 - 5	13,049	53.13	54.63	2.8%
6 - 13	11,807	371.53	292.74	-21.2%
14 - 20	5,860	407.61	365.09	-10.4%
Composite	32,547	229.89	195.51	-15.0%

Eligibility Category: Home Safenet Kids
District: 3

Age Range	Case Months	September 1, 2009 -	September 1, 2010 -	% Change
		August 31, 2010	August 31, 2011	
		Capitation Rate	Capitation Rate	
Under 1	1,375	5.26	25.74	389.0%
1 - 5	11,802	37.29	47.23	26.7%
6 - 13	9,170	260.77	253.12	-2.9%
14 - 20	5,189	286.10	315.67	10.3%
Composite	27,536	157.00	165.31	5.3%

Eligibility Category: Home Safenet Kids
District: 4

Age Range	Case Months	September 1, 2009 -	September 1, 2010 -	% Change
		August 31, 2010	August 31, 2011	
		Capitation Rate	Capitation Rate	
Under 1	1,527	6.79	36.09	431.4%
1 - 5	13,044	48.12	66.23	37.7%
6 - 13	10,935	336.44	354.93	5.5%
14 - 20	6,658	369.12	442.64	19.9%
Composite	32,164	210.63	240.87	14.4%

Eligibility Category: Home Safenet Kids
District: 5

Age Range	Case Months	September 1, 2009 -	September 1, 2010 -	% Change
		August 31, 2010	August 31, 2011	
		Capitation Rate	Capitation Rate	
Under 1	1,431	8.18	37.56	359.0%
1 - 5	10,099	57.97	68.92	18.9%
6 - 13	8,706	405.32	369.32	-8.9%
14 - 20	3,823	444.69	460.58	3.6%
Composite	24,059	242.15	237.99	-1.7%

Eligibility Category: Home Safenet Kids
District: 6

Age Range	Case Months	September 1, 2009 -	September 1, 2010 -	% Change
		August 31, 2010	August 31, 2011	
		Capitation Rate	Capitation Rate	
Under 1	555	6.75	34.26	407.6%
1 - 5	4,688	47.82	62.87	31.5%
6 - 13	4,467	334.36	336.94	0.8%
14 - 20	2,358	366.84	420.20	14.5%
Composite	12,068	214.33	232.82	8.6%

Appendix A
Florida Agency for Health Care Administration
CWPMHP Capitation Rate Development - By District
September 1, 2009 - August 31, 2010 and September 1, 2010 - August 31, 2011 Capitation Rate Comparison

Eligibility Category: Home Safenet Kids
District: 7

Age Range	Case Months	September 1, 2009 - August 31, 2010 Capitation Rate	September 1, 2010 - August 31, 2011 Capitation Rate	% Change
Under 1	1,551	9.69	42.70	340.9%
1 - 5	11,806	68.62	78.36	14.2%
6 - 13	10,578	479.79	419.94	-12.5%
14 - 20	7,273	526.39	523.71	-0.5%
Composite	31,208	311.74	296.16	-5.0%

Eligibility Category: Home Safenet Kids
District: 8

Age Range	Case Months	September 1, 2009 - August 31, 2010 Capitation Rate	September 1, 2010 - August 31, 2011 Capitation Rate	% Change
Under 1	1,232	6.14	23.92	289.3%
1 - 5	7,761	43.52	43.89	0.8%
6 - 13	6,535	304.33	235.19	-22.7%
14 - 20	2,540	333.89	293.31	-12.2%
Composite	18,068	176.12	146.78	-16.7%

Eligibility Category: Home Safenet Kids
District: 9

Age Range	Case Months	September 1, 2009 - August 31, 2010 Capitation Rate	September 1, 2010 - August 31, 2011 Capitation Rate	% Change
Under 1	1,305	9.52	46.60	389.6%
1 - 5	9,995	67.43	85.52	26.8%
6 - 13	7,913	471.53	458.28	-2.8%
14 - 20	4,335	517.33	571.53	10.5%
Composite	23,548	282.84	298.10	5.4%

Eligibility Category: Home Safenet Kids
District: 11

Age Range	MM	September 1, 2009 - August 31, 2010 Capitation Rate	September 1, 2010 - August 31, 2011 Capitation Rate	% change
Under 1	1,036	8.54	36.83	331.3%
1 - 5	9,568	60.49	67.59	11.7%
6 - 13	8,988	422.99	362.18	-14.4%
14 - 20	6,194	464.08	451.69	-2.7%
Composite	25,786	281.70	261.30	-7.2%

Statewide Composite **226,984** **237.14** **232.84** **-1.8%**

APPENDIX B

**September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rates
Age Adjustment**

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State of Florida – Agency for Health Care Administration
September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rate Development

August 3, 2010

Appendix B1
Florida Agency for Health Care Administration
September 2010 - August 2011 CWPMP Capitation Rate Development - By District
September 2010 - August 2011 Capitation Rates

Eligibility Category: Home Safenet Kids
District: 2

Age Range	Adjusted All Ages Capitation Rate	Statewide Age / Gender Factor	Adjustment to Statewide Age Factor	Normalized Statewide Age Factor	Age Specific Fee For Service Equivalent	Capitation Rate
Under 1	195.51	0.1515	1.0053	0.1523	29.77	29.77
1 - 5	195.51	0.2780	1.0053	0.2794	54.63	54.63
6 - 13	195.51	1.4895	1.0053	1.4974	292.74	292.74
14 - 20	195.51	1.8576	1.0053	1.8674	365.09	365.09
Composite	195.51		1.0053			

Eligibility Category: Home Safenet Kids
District: 3

Age Range	Adjusted All Ages Capitation Rate	Statewide Age / Gender Factor	Adjustment to Statewide Age Factor	Normalized Statewide Age Factor	Age Specific Fee For Service Equivalent	Capitation Rate
Under 1	165.31	0.1515	1.0280	0.1557	25.74	25.74
1 - 5	165.31	0.2780	1.0280	0.2857	47.23	47.23
6 - 13	165.31	1.4895	1.0280	1.5312	253.12	253.12
14 - 20	165.31	1.8576	1.0280	1.9096	315.67	315.67
Composite	165.31		1.0280			

Eligibility Category: Home Safenet Kids
District: 4

Age Range	Adjusted All Ages Capitation Rate	Statewide Age / Gender Factor	Adjustment to Statewide Age Factor	Normalized Statewide Age Factor	Age Specific Fee For Service Equivalent	Capitation Rate
Under 1	240.87	0.1515	0.9893	0.1498	36.09	36.09
1 - 5	240.87	0.2780	0.9893	0.2750	66.23	66.23
6 - 13	240.87	1.4895	0.9893	1.4735	354.93	354.93
14 - 20	240.87	1.8576	0.9893	1.8377	442.64	442.64
Composite	240.87		0.9893			

Eligibility Category: Home Safenet Kids
District: 5

Age Range	Adjusted All Ages Capitation Rate	Statewide Age / Gender Factor	Adjustment to Statewide Age Factor	Normalized Statewide Age Factor	Age Specific Fee For Service Equivalent	Capitation Rate
Under 1	237.99	0.1515	1.0418	0.1578	37.56	37.56
1 - 5	237.99	0.2780	1.0418	0.2896	68.92	68.92
6 - 13	237.99	1.4895	1.0418	1.5518	369.32	369.32
14 - 20	237.99	1.8576	1.0418	1.9353	460.58	460.58
Composite	237.99		1.0418			

Appendix B1
Florida Agency for Health Care Administration
September 2010 - August 2011 CWPMP Capitation Rate Development - By District
September 2010 - August 2011 Capitation Rates

Eligibility Category: Home Safenet Kids
District: 6

Age Range	Adjusted All Ages Capitation Rate	Statewide Age / Gender Factor	Adjustment to Statewide Age Factor	Normalized Statewide Age Factor	Age Specific Fee For Service Equivalent	Capitation Rate
Under 1	232.82	0.1515	0.9716	0.1472	34.26	34.26
1 - 5	232.82	0.2780	0.9716	0.2701	62.87	62.87
6 - 13	232.82	1.4895	0.9716	1.4472	336.94	336.94
14 - 20	232.82	1.8576	0.9716	1.8048	420.20	420.20
Composite	232.82		0.9716			

Eligibility Category: Home Safenet Kids
District: 7

Age Range	Adjusted All Ages Capitation Rate	Statewide Age / Gender Factor	Adjustment to Statewide Age Factor	Normalized Statewide Age Factor	Age Specific Fee For Service Equivalent	Capitation Rate
Under 1	296.16	0.1515	0.9520	0.1442	42.70	42.70
1 - 5	296.16	0.2780	0.9520	0.2646	78.36	78.36
6 - 13	296.16	1.4895	0.9520	1.4180	419.94	419.94
14 - 20	296.16	1.8576	0.9520	1.7684	523.71	523.71
Composite	296.16		0.9520			

Eligibility Category: Home Safenet Kids
District: 8

Age Range	Adjusted All Ages Capitation Rate	Statewide Age / Gender Factor	Adjustment to Statewide Age Factor	Normalized Statewide Age Factor	Age Specific Fee For Service Equivalent	Capitation Rate
Under 1	146.78	0.1515	1.0757	0.1629	23.92	23.92
1 - 5	146.78	0.2780	1.0757	0.2990	43.89	43.89
6 - 13	146.78	1.4895	1.0757	1.6023	235.19	235.19
14 - 20	146.78	1.8576	1.0757	1.9983	293.31	293.31
Composite	146.78		1.0757			

Eligibility Category: Home Safenet Kids
District: 9

Age Range	Adjusted All Ages Adjusted All Ages Capitation Rate	Statewide Statewide Age / Gender Factor	Adjustment To Statewide Adjustment to Statewide Age Factor	Normalized Statewide Normalized Statewide Age Factor	Age Specific Age Specific Fee For Service Equivalent	Capitation Rate
Under 1	298.10	0.1515	1.0321	0.1563	46.60	46.60
1 - 5	298.10	0.2780	1.0321	0.2869	85.52	85.52
6 - 13	298.10	1.4895	1.0321	1.5374	458.28	458.28
14 - 20	298.10	1.8576	1.0321	1.9173	571.53	571.53
Composite	298.10		1.0321			

Appendix B1
Florida Agency for Health Care Administration
September 2010 - August 2011 CWPMP Capitation Rate Development - By District
September 2010 - August 2011 Capitation Rates

Eligibility Category: Home Safenet Kids
District: 11

Age Range	Adjusted All Ages Capitation Rate	Statewide Age / Gender Factor	Adjustment to Statewide Age Factor	Normalized Statewide Age Factor	Age Specific Fee For Service Equivalent	Capitation Rate
Under 1	261.30	0.1515	0.9306	0.1410	36.83	36.83
1 - 5	261.30	0.2780	0.9306	0.2587	67.59	67.59
6 - 13	261.30	1.4895	0.9306	1.3861	362.18	362.18
14 - 20	261.30	1.8576	0.9306	1.7286	451.69	451.69
Composite	261.30		0.9306			

D R A F E T

Appendix B2
 Florida Agency for Health Care Administration
 September 2010 - August 2011 CWPMPH Capitation Rate Development - By District
 Smoothing of Preliminary Results

Eligibility Category: Home Safenet Kids
 Age / Gender Band: All

District	Sept 10 - Aug 11 Trended PMPM	Average Age Factor	Average Reimbursement Factor	Sept 10 - Aug 11 PMPM Normalized for Age and Reimbursement Factors	Smoothing Adjustment	Smoothed Normalized PMPM	Smoothed PMPM Adjusted for Age and Reimbursement Factors	Budget Neutrality Factor	Final Sept 10 - Aug 11 PMPM
2	195.45	0.9948	1.0015	196.18	1.0000	196.18	195.45	1.0003	195.51
3	150.85	0.9728	0.9978	155.42	1.0955	170.26	165.26	1.0003	165.31
4	240.79	1.0108	1.0294	231.42	1.0000	231.42	240.79	1.0003	240.87
5	237.92	0.9598	0.9990	248.11	1.0000	248.11	237.92	1.0003	237.99
6									232.82
7	302.25	1.0505	0.9939	289.51	0.9795	283.58	296.06	1.0003	296.16
8	121.64	0.9296	0.9986	131.04	1.2063	158.07	146.74	1.0003	146.78
9	326.59	0.9689	1.0015	336.56	0.9125	307.11	298.00	1.0003	298.10
11	261.22	1.0746	0.9912	245.24	1.0000	245.24	261.22	1.0003	261.30
Composite	232.82			231.38		231.47	232.75		232.82

The District 6 rate is set at the statewide average.

APPENDIX C

**September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rates
District Specific Rates**

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State of Florida – Agency for Health Care Administration
September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rate Development

August 3, 2010

Appendix C1
Florida Agency for Health Care Administration
September 2010 - August 2011 CWPMHP Capitation Rate Development - By District
District Encounter Experience Detail - SFY 0809

Eligibility Category: Home Safenet Kids
Age / Gender Band: ALL

District	Trended Sept 10 - Aug 11 PMPM	IBNR Adjustment	Admin Load	Under Reporting Adjustment	Aggregate Capitation Rate
2	166.43	1.0217	1.1494	1.0000	195.45
3	128.45	1.0217	1.1494	1.0000	150.85
4	205.04	1.0217	1.1494	1.0000	240.79
5	202.59	1.0217	1.1494	1.0000	237.92
7	257.38	1.0217	1.1494	1.0000	302.25
8	103.58	1.0217	1.1494	1.0000	121.64
9	278.10	1.0217	1.1494	1.0000	326.59
11	222.43	1.0217	1.1494	1.0000	261.22

Appendix C2
Florida Agency for Health Care Administration
September 2010 - August 2011 CWPMPHP Capitation Rate Development - By District
District Encounter Experience Detail - SFY 0809 Encounter

Eligibility Category: All
 District: 2
 Age / Gender Band: ALL

Service Category	Member Months	Units	Paid Amount	Utilization Rate	Unit Cost	SFY 0809 PMPM	Inflation Factor to FY 10/11	PMPM Trended to FY 10/11
CSU	32,589	128	60,300	47.1	471.09	1.85	1.0750	1.99
Hospital Inpatient	32,589	169	135,284	62.2	800.50	4.15	1.0750	4.46
Hospital Outpatient	32,589	3	800	1.1	266.67	0.02	1.1339	0.03
Physician (MD or DO)	32,589	6,527	357,621	2,403.4	54.79	10.97	1.0704	11.75
ARNP	32,589	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	32,589	95,510	2,168,789	35,168.9	22.71	66.55	1.0361	68.95
Targeted Case Management	32,589	41,437	496,772	15,258.0	11.99	15.24	1.0397	15.85
Locally Defined Service	32,589	16,418	1,990,709	6,045.5	121.25	61.09	1.0379	63.40
Total	32,589	160,192	5,210,276	58,986.3	32.53	159.88	1.0410	166.43

Eligibility Category: All
 District: 3
 Age / Gender Band: ALL

Service Category	Member Months	Units	Paid Amount	Utilization Rate	Unit Cost	SFY 0809 PMPM	Inflation Factor to FY 10/11	PMPM Trended to FY 10/11
CSU	27,570	248	141,539	107.9	570.72	5.13	1.0750	5.52
Hospital Inpatient	27,570	63	38,885	27.4	617.22	1.41	1.0750	1.52
Hospital Outpatient	27,570	-	-	-	-	-	1.1339	-
Physician (MD or DO)	27,570	219	12,386	95.3	56.56	0.45	1.0704	0.48
ARNP	27,570	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	27,570	47,062	1,118,170	20,484.0	23.76	40.56	1.0361	42.02
Targeted Case Management	27,570	16,663	198,749	7,252.7	11.93	7.21	1.0397	7.50
Locally Defined Service	27,570	15,968	1,897,143	6,950.2	118.81	68.81	1.0379	71.42
Total	27,570	80,223	3,406,872	34,917.5	42.47	123.57	1.0395	128.45

Eligibility Category: All
 District: 4
 Age / Gender Band: ALL

Service Category	Member Months	Units	Paid Amount	Utilization Rate	Unit Cost	SFY 0809 PMPM	Inflation Factor to FY 10/11	PMPM Trended to FY 10/11
CSU	32,203	378	208,090	140.9	550.50	6.46	1.0750	6.95
Hospital Inpatient	32,203	268	318,954	99.9	1,190.13	9.90	1.0750	10.65
Hospital Outpatient	32,203	-	-	-	-	-	1.1339	-
Physician (MD or DO)	32,203	50	3,932	18.6	78.64	0.12	1.0704	0.13
ARNP	32,203	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	32,203	73,844	1,838,556	27,516.9	24.90	57.09	1.0361	59.15
Targeted Case Management	32,203	61,915	741,820	23,071.8	11.98	23.04	1.0397	23.95
Locally Defined Service	32,203	26,783	3,233,423	9,980.3	120.73	100.41	1.0379	104.21
Total	32,203	163,238	6,344,776	60,828.4	38.87	197.02	1.0407	205.04

Appendix C2
 Florida Agency for Health Care Administration
 September 2010 - August 2011 CWPMPHP Capitation Rate Development - By District
 District Encounter Experience Detail - SFY 0809 Encounter

Eligibility Category: All
 District: 5
 Age / Gender Band: ALL

Service Category	Member		Paid	Utilization	Unit Cost	SFY 0809	Inflation Factor to	PMPM Trended to
	Months	Units	Amount	Rate		PMPM	FY 10/11	FY 10/11
CSU	24,146	279	148,147	138.7	530.99	6.14	1.0750	6.60
Hospital Inpatient	24,146	95	67,462	47.2	710.12	2.79	1.0750	3.00
Hospital Outpatient	24,146	-	-	-	-	-	1.1339	-
Physician (MD or DO)	24,146	88	5,275	43.7	59.94	0.22	1.0704	0.23
ARNP	24,146	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	24,146	86,991	1,663,281	43,232.5	19.12	68.88	1.0361	71.37
Targeted Case Management	24,146	63,530	761,852	31,572.9	11.99	31.55	1.0397	32.80
Locally Defined Service	24,146	16,481	2,060,835	8,190.7	125.04	85.35	1.0379	88.58
Total	24,146	167,464	4,706,852	83,225.7	28.11	194.93	1.0393	202.59

Eligibility Category: All
 District: 7
 Age / Gender Band: ALL

Service Category	Member		Paid	Utilization	Unit Cost	SFY 0809	Inflation Factor to	PMPM Trended to
	Months	Units	Amount	Rate		PMPM	FY 10/11	FY 10/11
CSU	31,236	330	162,988	126.8	493.90	5.22	1.0750	5.61
Hospital Inpatient	31,236	400	247,808	153.7	619.52	7.93	1.0750	8.53
Hospital Outpatient	31,236	-	-	-	-	-	1.1339	-
Physician (MD or DO)	31,236	638	35,640	245.1	55.86	1.14	1.0704	1.22
ARNP	31,236	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	31,236	164,604	3,662,665	63,236.3	22.25	117.26	1.0361	121.49
Targeted Case Management	31,236	31,448	377,313	12,081.4	12.00	12.08	1.0397	12.56
Locally Defined Service	31,236	23,575	3,249,318	9,056.9	137.83	104.02	1.0379	107.97
Total	31,236	220,995	7,735,732	84,900.1	35.00	247.65	1.0393	257.38

Appendix C2
Florida Agency for Health Care Administration
September 2010 - August 2011 CWPMPHP Capitation Rate Development - By District
District Encounter Experience Detail - SFY 0809 Encounter

Eligibility Category: All
 District: 8
 Age / Gender Band: ALL

Service Category	Member		Paid	Utilization	Unit Cost	SFY 0809	Inflation Factor to	PMPM Trended to
	Months	Units	Amount	Rate		PMPM	FY 10/11	FY 10/11
CSU	18,115	169	87,575	112.0	518.20	4.83	1.0750	5.20
Hospital Inpatient	18,115	15	7,950	9.9	530.00	0.44	1.0750	0.47
Hospital Outpatient	18,115	-	-	-	-	-	1.1339	-
Physician (MD or DO)	18,115	148	8,139	98.0	54.99	0.45	1.0704	0.48
ARNP	18,115	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	18,115	35,211	883,763	23,325.0	25.10	48.79	1.0361	50.55
Targeted Case Management	18,115	6,038	72,456	3,999.8	12.00	4.00	1.0397	4.16
Locally Defined Service	18,115	6,871	745,720	4,551.6	108.53	41.17	1.0379	42.73
Total	18,115	48,452	1,805,602	32,096.3	37.27	99.67	1.0392	103.58

Eligibility Category: All
 District: 9
 Age / Gender Band: ALL

Service Category	Member		Paid	Utilization	Unit Cost	SFY 0809	Inflation Factor to	PMPM Trended to
	Months	Units	Amount	Rate		PMPM	FY 10/11	FY 10/11
CSU	23,579	40	20,680	20.4	517.00	0.88	1.0750	0.94
Hospital Inpatient	23,579	342	269,092	174.1	786.82	11.41	1.0750	12.27
Hospital Outpatient	23,579	1	70	0.5	70.00	0.00	1.1339	0.00
Physician (MD or DO)	23,579	1,501	77,574	763.9	51.68	3.29	1.0704	3.52
ARNP	23,579	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	23,579	132,470	2,625,207	67,417.6	19.82	111.34	1.0361	115.36
Targeted Case Management	23,579	63,415	761,178	32,273.6	12.00	32.28	1.0397	33.56
Locally Defined Service	23,579	18,797	2,554,429	9,566.3	135.90	108.33	1.0379	112.44
Total	23,579	216,566	6,308,230	110,216.4	29.13	267.54	1.0395	278.10

Eligibility Category: All
 District: 11
 Age / Gender Band: ALL

Service Category	Member		Paid	Utilization	Unit Cost	SFY 0809	Inflation Factor to	PMPM Trended to
	Months	Units	Amount	Rate		PMPM	FY 10/11	FY 10/11
CSU	25,798	363	109,400	168.9	301.38	4.24	1.0750	4.56
Hospital Inpatient	25,798	402	247,990	187.0	616.89	9.61	1.0750	10.33
Hospital Outpatient	25,798	37	6,408	17.2	173.19	0.25	1.1339	0.28
Physician (MD or DO)	25,798	1,229	63,295	571.7	51.50	2.45	1.0704	2.63
ARNP	25,798	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	25,798	114,923	2,194,752	53,456.7	19.10	85.07	1.0361	88.15
Targeted Case Management	25,798	56,406	676,528	26,237.4	11.99	26.22	1.0397	27.27
Locally Defined Service	25,798	19,368	2,217,742	9,009.1	114.51	85.97	1.0379	89.22
Total	25,798	192,728	5,516,115	89,647.9	28.62	213.82	1.0403	222.43

APPENDIX D

**September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rates
Statewide Age Factors**

This report assumes that the reader is familiar with the State of Florida's Medicaid program, its benefits, and rate setting principles. The material was prepared solely to provide assistance to AHCA to set September 1, 2010 – August 31, 2011 capitation rates for this 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

State of Florida – Agency for Health Care Administration
September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rate Development

August 3, 2010

Appendix D1
Florida Agency for Health Care Administration
September 2010 - August 2011 CWPMHP Capitation Rate Development - Statewide
Statewide Age Factor Calculation

District: Statewide

<u>Age Range</u>	<u>FY 08/09 Case Months</u>	<u>FY 08/09 PMPM Trended to FY 10/11</u>	<u>Age Factor</u>
Under 1	12,206	29.39	0.1515
1 - 5	91,812	53.93	0.2780
6 - 13	79,099	288.99	1.4895
14 - 20	44,230	360.40	1.8576
Composite	227,347	194.02	1.0000

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Appendix D2
 Florida Agency for Health Care Administration
 September 2010 - August 2011 CWPMPH Capitation Rate Development - Statewide
 Statewide Encounter Data for Age Factor Development - FY 08/09

Eligibility Category: All
 District: Statewide
 Age Band: Under 1

Service Category	Case Months	Units	Amount Paid	Utilization Rate	Unit Cost	FY 08/09 PMPM	Inflation	
							Factor to FY 10/11	PMPM Trended to FY 10/11
CSU	12,206	-	-	-	-	-	1.0750	-
Hospital Inpatient	12,206	-	-	-	-	-	1.0750	-
Hospital Outpatient	12,206	-	-	-	-	-	1.1339	-
Physician (MD or DO)	12,206	2	118	1.97	59.00	0.01	1.0704	0.01
ARNP	12,206	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	12,206	8,267	346,086	8,127.48	41.86	28.35	1.0361	29.38
Targeted Case Management	12,206	-	-	-	-	-	1.0397	-
Locally Defined Service	12,206	-	-	-	-	-	1.0379	-
Total All Services	12,206	8,269	346,204	8,129.44	41.87	28.36	1.0361	29.39

Eligibility Category: All
 District: Statewide
 Age Band: 1 - 5

Service Category	Case Months	Units	Amount Paid	Utilization Rate	Unit Cost	FY 08/09 PMPM	Inflation	
							Factor to FY 10/11	PMPM Trended to FY 10/11
CSU	91,812	8	3,725	1.05	465.63	0.04	1.0750	0.04
Hospital Inpatient	91,812	8	5,137	1.05	642.08	0.06	1.0750	0.06
Hospital Outpatient	91,812	1	248	0.13	248.00	0.00	1.1339	0.00
Physician (MD or DO)	91,812	2,725	147,838	356.16	54.25	1.61	1.0704	1.72
ARNP	91,812	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	91,812	150,685	3,732,007	19,694.81	24.77	40.65	1.0361	42.12
Targeted Case Management	91,812	41,682	499,004	5,447.92	11.97	5.44	1.0397	5.65
Locally Defined Service	91,812	3,532	383,062	461.64	108.45	4.17	1.0379	4.33
Total All Services	91,812	198,641	4,771,021	25,962.75	24.02	51.97	1.0378	53.93

Eligibility Category: All
 District: Statewide
 Age Band: 6 - 13

Service Category	Case Months	Units	Amount Paid	Utilization Rate	Unit Cost	FY 08/09 PMPM	Inflation	
							Factor to FY 10/11	PMPM Trended to FY 10/11
CSU	79,099	988	491,320	149.89	497.29	6.21	1.0750	6.68
Hospital Inpatient	79,099	757	587,574	114.84	776.19	7.43	1.0750	7.99
Hospital Outpatient	79,099	28	4,230	4.25	151.07	0.05	1.1339	0.06
Physician (MD or DO)	79,099	5,225	285,477	792.68	54.64	3.61	1.0704	3.86
ARNP	79,099	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	79,099	400,965	8,388,046	60,829.85	20.92	106.04	1.0361	109.87
Targeted Case Management	79,099	200,602	2,405,315	30,433.05	11.99	30.41	1.0397	31.62
Locally Defined Service	79,099	82,389	9,824,517	12,499.12	119.25	124.21	1.0379	128.91
Total All Services	79,099	690,954	21,986,479	104,823.68	31.82	277.96	1.0397	288.99

Appendix D2
 Florida Agency for Health Care Administration
 September 2010 - August 2011 CWPMP Capitation Rate Development - Statewide
 Statewide Encounter Data for Age Factor Development - FY 08/09

Eligibility Category: All
 District: Statewide
 Age Band: 14 - 20

Service Category	Case Months	Units	Amount Paid	Utilization		FY 08/09 PMPM	Inflation	
				Rate	Unit Cost		Factor to FY 10/11	PMPM Trended to FY 10/11
CSU	44,230	1,118	551,399	303.32	493.20	12.47	1.0750	13.40
Hospital Inpatient	44,230	1,004	750,535	272.39	747.54	16.97	1.0750	18.24
Hospital Outpatient	44,230	17	3,150	4.61	185.29	0.07	1.1339	0.08
Physician (MD or DO)	44,230	2,567	137,939	696.45	53.74	3.12	1.0704	3.34
ARNP	44,230	-	-	-	-	-	1.1756	-
Community Mental Health or Mental Health Practitioner	44,230	206,662	4,089,488	56,069.27	19.79	92.46	1.0361	95.80
Targeted Case Management	44,230	101,983	1,223,329	27,668.91	12.00	27.66	1.0397	28.76
Locally Defined Service	44,230	64,314	8,556,583	17,448.97	133.04	193.46	1.0379	200.79
Total All Services	44,230	377,665	15,312,422	102,463.94	40.54	346.20	1.0410	360.40

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APPENDIX E

**Actuarial Certification of
September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan
Program Capitation Rates**

This report assumes that the reader is familiar with the State of Florida's Medicaid program, its benefits, and rate setting principles. The material was prepared solely to provide assistance to AHCA to set September 1, 2010 – August 31, 2011 capitation rates for this 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

State of Florida – Agency for Health Care Administration
September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rate Development

August 3, 2010



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August 3, 2010

**Florida Agency for Health Care Administration
Capitated Contracts Actuarial Certification
September 1, 2010 – August 31, 2011
Child Welfare Prepaid Mental Health Plan Capitation Rates**

I, John D. Meerschaert, am associated with the firm of Milliman, Inc. and am a member of the American Academy of Actuaries and meet its Qualification Standards for Statements of Actuarial Opinion. I have been retained by the Florida Agency for Health Care Administration (AHCA) to perform an actuarial certification of the Child Welfare Prepaid Mental Health Plan (CWPMHP) capitation rates for September 1, 2010 – August 31, 2011 for filing with the Centers for Medicare and Medicaid Services (CMS). I reviewed the capitation rates developed by AHCA and am familiar with the Code of Federal Regulations, 42 CFR 438.6(c) and the CMS "Appendix A, PAHP, PIHP and MCO Contracts Financial Review Documentation for At-risk Capitated Contracts Ratesetting."

I examined the actuarial assumptions and actuarial methods used to set the capitation rates for September 1, 2010 – August 31, 2011.

To the best of my information, knowledge, and belief, for the period from September 1, 2010 – August 31, 2011, the capitation rates offered by AHCA are in compliance with 42 CFR 438.6(c). The attached actuarial report describes the capitation rate setting methodology.

In my opinion, the capitation rates are actuarially sound, 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.

In making my opinion, I relied upon the accuracy of the underlying records and data summaries prepared by AHCA. A copy of the reliance letter received from AHCA 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.

The capitation rates developed may not be appropriate for any specific health plan. Any health plan will need to review the rates in relation to the benefits provided. The health plan should compare the rates with its own experience, expenses, capital and surplus, and profit requirements prior to agreeing to contract with AHCA. The health plan may require rates above, equal to, or below the actuarially sound capitation rates.

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 health plan's situation and experience

This Opinion assumes the reader is familiar with the Florida Medicaid program, Medicaid eligibility rules, and actuarial rating techniques. The Opinion is intended for the State of Florida and 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.

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John D. Meerschaert
Member, American Academy of Actuaries

August 3, 2010

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