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Table 1 -- HMO Enrollment Impact

Row	Item	Adults 65+ (OAP-A)	Disabled Adults (OAP-B and AND)	Low Income Adults	Eligible Children	Foster Care	Baby Care Program Adults	Total	Formula / Notes
	Calculation of Estimated Enrollment Absent Any Policy Change								
A	Estimated Baseline HMO Enrollment - September 2006	3,017	5,140	4,398	20,011	104	247	**32,917**	As the Modified Recipient Report cannot currently isolate HMO enrollment from ASO and PACE enrollment, a query of capitations for one month was used instead.
B	Annual Caseload Growth Rate (FY 07-08 with respect to FY 06-07)	1.24%	1.10%	5.77%	6.25%	3.50%	4.90%		From November 1, 2006 FY 07-08 Budget Request, page EB-1
C	Estimated Growth in Enrollment from September 2006 to January 2008	1.66%	1.47%	7.77%	8.42%	4.69%	6.58%		Annual rate of increase adjusted to apply to 16 months. Equals (1 + Row B) ^ (16 / 12) -1
D	Anticipated January 1, 2008 HMO Enrollment. **Estimated HMO Participation Without Policy Change**	3,067	5,216	4,740	21,696	109	263	**35,091**	Baseline HMO enrollment trended forward assuming that enrollment grows at a constant share of Medicaid caseload due to passive enrollment. Equals Row A * (1 + Row C)
E	FY 07-08 Caseload Forecast	37,284	55,125	71,241	244,291	17,385	5,828	**431,154**	Exhibit B, Page 1, November 1, 2006 Budget Request
F	Percent of Clients Anticipated to be Already Enrolled as of January 1, 2008	8.23%	9.46%	6.65%	8.88%	0.63%	4.52%	**8.14%**	Anticipated HMO enrollment as a percent of budgeted caseload based on above figures. Equals Row D / Row E
	Calculation of Enrollment Capacity After Policy Change - Based on FY 01-02 Experience								
G	Average Monthly FY 01-02 HMO Enrollees	2,832	21,094	18,798	84,165	1,319	1,894	**130,102**	From Modified Recipient Status Report (COLD H330 report). During FY 01-02 HMO enrollment peaked as a percent of caseload. This peak is used to model future enrollment growth.
H	FY 01-02 Caseload	33,916	51,533	33,347	143,909	13,121	7,131	**282,957**	Exhibit B, Page 1, November 1, 2006 Budget Request
I	Maximum Percent of Caseload Assumed to be Enrolled Based on Historical FY 01-02 Enrollment Pattern	8.35%	40.93%	56.37%	58.48%	10.05%	26.56%	**45.98%**	The ratio of historic enrollment to historic caseload is used here to project enrollment forward. Equals Row G / Row H
J	Additional Market Adjustment due to Medicare Special Needs Plans (SNPs) Marketing to Dual Eligibles (additional percentage points)	15.00%	5.00%	0.00%	0.00%	0.00%	0.00%		The relative attractiveness of payment to SNPs under Medicare's recent initiative have caused HMOs to actively market to the dually eligible population. Assume an additional 15% for OAP-A and 5% for Disabled enrollment growth over FY 01-02 history.
K	Estimated Maximum Enrollment in an HMO as a Percentage of Total Caseload	23.35%	45.93%	56.37%	58.48%	10.05%	26.56%	**51.11%**	Equals Row I + Row J
L	Estimated Total HMO Enrollment in June 2008. **Total HMO Participation after June 30 Completion of Policy Change**	8,706	25,321	40,158	142,872	1,748	1,548	**220,353**	Equals Row E * Row K

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Row	Item	Adults 65+ (OAP-A)	Disabled Adults (OAP-B and AND)	Low Income Adults	Eligible Children	Foster Care	Baby Care Program Adults	Total	Formula / Notes
	Incremental Difference In Enrollment After Policy Change Above Base Assumptions								
	FY 07-08								
M	Total Incremental HMO Enrollees in January - June 2008	5,639	20,105	35,418	121,176	1,639	1,285	**185,262**	Equals Row L - Row D
N	Estimated Incremental HMO Enrollment from FY07-08 as a Percent of Caseload	15.12%	36.47%	49.72%	49.60%	9.43%	22.05%	**42.97%**	Additional percent of FY 07-08 caseload needed to reach historical FY 01-02 pattern with additional adjustment. Equals Row M / Row E
O	Estimated Incremental HMO Enrollment at the Beginning of January 2008	0	0	0	0	0	0	**0**	Starting point of additional HMO enrollment is zero. Included to demonstrate phase-in impact under assumption of six months of steady enrollment growth.
P	Estimated Incremental HMO Enrollment at the beginning of January 2008 as a Percent of Caseload	0%	0%	0%	0%	0%	0%	**0%**	Starting point of additional HMO enrollment is zero, and as a percentage of caseload it is also zero.
Q	Estimated Average Incremental HMO Enrollment from January to June 2008	2,819	10,053	17,709	60,588	819	642	**92,631**	Average increase in enrollment. Starting from zero, and ending at peak capacity. This midpoint equals (Row M + Row O) / 2
R	Estimated Incremental HMO Enrollment from January to June 2008 as a Percent of Caseload	7.56%	18.24%	24.86%	24.80%	4.71%	11.02%	**21.48%**	Average increase in enrollment as a percentage of caseload. Equals Row Q / Row E
	FY 08-09								
S	Percent Increase in Caseload From FY 07-08 to FY 08-09	1.22%	0.73%	1.50%	1.36%	3.91%	4.91%	**1.35%**	FY 08-09 Budget projection from November 1, 2006 FY 07-08 Budget Request, page EB-1
T	Total HMO Enrollment in FY 08-09. Assumed Maximum Capacity Increases Consistent with Caseload	8,812	25,505	40,760	144,817	1,816	1,624	**223,335**	Average enrollment in FY 08-09 is equal to June 2008 estimate with FY 08-09 caseload increase. Equals Row L * (1 + Row S)
U	Total HMO Enrollment as a Percent of Caseload	23.35%	45.93%	56.37%	58.48%	10.05%	26.56%	**51.11%**	Equals Row T / (Row E * (1 + Row S))

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Table 2 -- Percentage Impact HMO Rate

Row	Item	Adults 65+ (OAP-A)	Disabled Adults (OAP-B and AND)	Low Income Adults	Eligible Children	Foster Care	Baby Care Program Adults	Formula / Notes
	Existing Rates (FY 06-07)							
A	Weighted Average Maximum Actuarially Sound Rate (includes administration)	$215.67	$629.35	$221.16	$65.56	$215.05	$223.62	Weighted Average from FY 06-07 HMO Rate Certification
B	Final (95%) Rate, as Calculated by the Department	$195.84	$551.85	$197.96	$60.60	$198.47	$197.65	Weighted Average from FY 06-07 HMO Rate Certification
C	Imputed 100% of FFS Rate	$206.15	$580.90	$208.38	$63.79	$208.91	$208.05	Equals Row B / 0.95
D	100% FFS Rate as a Percentage of Actuarial Maximum	95.58%	92.30%	94.22%	97.30%	97.15%	93.04%	Equals Row C / Row A
E	100% FFS Rate with 5% Administration	$216.46	$609.94	$218.80	$66.98	$219.36	$218.45	Equals Row C * 1.05
F	Maximum Allowable Rate	$215.67	$609.94	$218.80	$65.56	$215.05	$218.45	Equals Minimum of Row A or Row E
G	Estimated Growth in Enrollment from September 2006 to January 2008	Actuarial Maximum	FFS + Administration	FFS + Administration	Actuarial Maximum	Actuarial Maximum	FFS + Administration	
	FY 07-08 Rate Impact							
H	Projected 6 month (January - June) HMO Expenditure Under Base Budget	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	By adopting the new policy, rates will be based on 100% of FFS, not 95%. This represents an increase rates from 95% to 100% of FFS = (1 / 0.95) - 1
I	**Maximum Increase to HMO Administration (Percentage of Rate)**	**4.62%**	**5.00%**	**5.00%**	**2.78%**	**2.94%**	**5.00%**	Rate with increased medical cost and administration cannot exceed Actuarial Maximum. Equals Row F / Row C - 1
J	FY 07-08 Reduction in Trend from Removal of Triennial Rebasing	-1.10%	-1.10%	-1.10%	-1.10%	-1.10%	-1.10%	See narrative
K	**FY 07-08 Rate Impact to Clients Already Enrolled in an HMO**	**8.91%**	**9.31%**	**9.31%**	**7.00%**	**7.16%**	**9.31%**	Equals [(1 + Row H) * (1 + Row I) * (1 + Row J)] -1
	FY 08-09 Rate Impact							
L	FY 08-09 Reduction in Trend from Removal of Triennial Rebasing	-2.19%	-2.19%	-2.19%	-2.19%	-2.19%	-2.19%	Equals $(1 + \text{Row J})^2 - 1$
M	**FY 08-09 Rate Impact to Clients Already Enrolled in an HMO**	**7.72%**	**8.11%**	**8.11%**	**5.82%**	**5.98%**	**8.11%**	Equals [(1 + Row H) * (1 + Row I) * (1 + Row L)] -1

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Table 3.1 -- FY 07-08 Expenditure Change from Rate Increase for Medicaid Clients Assumed Already in an HMO

Row	Item	Adults 65+ (OAP-A)	Disabled Adults (OAP-B and AND)	Low Income Adults	Eligible Children	Foster Care	Baby Care Program Adults	Total	Formula / Notes
	FY 07-08 Calculation of HMO Expenditure Absent Any Policy Change								
A	HMO from September 2006 JBC Report							**$7,265,540**	
B	Spread Percent to Eligibility Category by SQL Query of September HMO Capitation Payments	8.80%	45.80%	18.41%	25.65%	0.30%	1.03%		JBC report lacks eligibility category detail
C	Spread HMO from September JBC Report	$639,357	$3,327,531	$1,337,747	$1,863,886	$21,896	$75,122	**$7,265,540**	Imputed, Equals Row A spread by Row B
D	Annual Caseload Growth Rate (FY 07-08 with respect to FY 06-07)	1.24%	1.10%	5.77%	6.25%	3.50%	4.90%		From November 1, 2006 FY 07-08 Budget Request, page E-B1
E	Estimated Growth in Enrollment from September 2006 to January 2008	1.66%	1.47%	7.77%	8.42%	4.69%	6.58%		Annual rate of increase adjusted to apply to 16 months. Equals (1 + Row D) ^ (16 / 12) -1
F	Percent Increase in per capita to FY 07-08	0.79%	0.74%	2.64%	1.36%	0.81%	2.57%		FY 07-08 Budget Projection from November 1, 2006 FFY 07-08 Budget Request, page EF-4
G	Inflated to FY 07-08 (estimated monthly expenditure)	$655,117	$3,401,436	$1,479,650	$2,048,369	$23,110	$82,125	**$7,689,806**	Inflated from September 2006 to January 2008 (midpoint of FY 07-08). One month inflated impact. Equals Row C * (1+ Row E) * (1 + Row F)
H	Projected 6 month (January - June) HMO Expenditure Under Base Budget	$3,930,702	$20,408,613	$8,877,900	$12,290,212	$138,657	$492,752	**$46,138,836**	Equals Row G * 6 Months
	Policy Change								
I	FY 07-08 Rate Impact to Clients Already Enrolled in an HMO	8.91%	9.31%	9.31%	7.00%	7.16%	9.31%		See Table 2, Row K
J	Projected 6 Month (January - June) HMO Expenditure due to Rate Increase Policy Change	$4,281,117	$22,308,762	$9,704,479	$13,150,042	$148,589	$538,630	**$50,131,619**	Equals Row H * (1 + Row I)
	FY 07-08 Incremental Increase in Expenditure								
K	Additional HMO Expenditure in FY 07-08 due to Policy Change for *Current* HMO Enrollees	$350,415	$1,900,149	$826,579	$859,830	$9,931	$45,878	**$3,992,783**	Equals Row J - Row H
L	Percent Difference in FY 07-08 HMO Expenditure due to Policy Change for *Current* HMO Enrollees	8.91%	9.31%	9.31%	7.00%	7.16%	9.31%	**8.65%**	Equals (Row J / Row H) - 1

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Table 3.2 -- FY 08-09 Expenditure Change from Rate Increase for Medicaid Clients Assumed Already in an HMO

Row	Item	Adults 65+ (OAP-A)	Disabled Adults (OAP-B and AND)	Low Income Adults	Eligible Children	Foster Care	Baby Care Program Adults	Total	Formula / Notes
	FY 08-09 Calculation of HMO Expenditure Absent Any Policy Change								
M	Annualized FY 07-08 Expenditure Under Base Budget Assumptions	$7,861,403	$40,817,226	$17,755,800	$24,580,424	$277,314	$985,504	**$92,277,672**	In order to annualize to 12 months. Equals Row H * 2
N	Percent Increase in Caseload to FY 08-09 (assumed growth in HMO participation absent policy change)	1.22%	0.73%	1.50%	1.36%	3.91%	4.91%	**1.36%**	FY 08-09 Budget projection from November 1, 2006 FY 07-08 Budget Request, page EB-1. Weighted Average in total is not a budget projection.
O	Percent Increase in per capita to FY 08-09 (assumed growth in HMO rate absent policy change)	0.79%	0.74%	2.64%	1.36%	0.81%	2.57%	**1.51%**	FY 08-09 Budget projection from November 1, 2006 FY 07-08 Budget Request, page EF-4. Weighted Average in total is not a budget projection.
P	Projected FY 08-09 HMO Expenditure Under Base Budget, Absent any Policy Change (HMO Rates at 95% of FFS)	$8,020,502	$41,418,477	$18,497,038	$25,254,233	$290,496	$1,060,468	**$94,541,215**	FY 07-08 figure, brought to FY 08-09 using simple assumption of constant growth. Equals Row M * (1 + Row N) * (1 + Row O)
	Policy Change								
Q	FY 08-09 Rate Impact to Clients Already Enrolled in an HMO	7.72%	8.11%	8.11%	5.82%	5.98%	8.11%		Table 2, Row M
R	Projected FY 08-09 HMO Expenditure Under Rate Increase Policy Change	$8,639,425	$44,776,733	$19,996,798	$26,723,802	$307,879	$1,146,452	**$101,591,089**	Equals Row P * (1 + Row Q)
	FY 08-09 Incremental Increase in Expenditure								
S	Additional HMO Expenditure in FY 08-09 due to Policy Change for *Current* HMO Enrollees	$618,923	$3,358,256	$1,499,760	$1,469,569	$17,383	$85,984	**$7,049,874**	Equals Row R - Row P
T	Percent Difference in FY 08-09 HMO Expenditure due to Policy Change for *Current* HMO Enrollees	7.72%	8.11%	8.11%	5.82%	5.98%	8.11%	**7.46%**	Equals (Row R / Row P) - 1

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Table 4.1 -- FY 07-08 Expenditure Change Due to FFS Clients Switching to HMO

Row	Item	Adults 65+ (OAP-A)	Disabled Adults (OAP-B and AND)	Low Income Adults	Eligible Children	Foster Care	Baby Care Program Adults	Total	Formula / Notes
	FY 07-08 Calculation of FFS Expenditure Absent Any Policy Change								
A	Acute Care FY 07-08 (from EE-1, November 1, 2006 FY07-08 Budget Request)	$89,799,733	$435,361,623	$251,074,826	$379,476,331	$49,410,626	$48,777,442	**$1,253,900,581**	The base budget for Acute Care contains, in part, the set of FFS expenditures that would become HMO expenditures.
B	Annualized FY 07-08 HMO Expenditure	$7,861,403	$40,817,226	$17,755,800	$24,580,424	$277,314	$985,504	**$92,277,672**	Table 3.2, Row M
C	Remainder of Acute Care	$81,938,330	$394,544,397	$233,319,026	$354,895,907	$49,133,312	$47,791,938	**$1,161,622,909**	Total Acute Care less imputed HMO Equals (Row A - Row B)
D	Acute Care Services not in the HMO Benefit Package	$29,806,289	$88,331,848	$3,886,380	$38,277,809	$11,289,243	$2,928,022	**$174,519,591**	From EM-1 of the November 1, 2006 Budget Request. Includes ASO, Home Health, Non Emergency Transportation, Dental, Home Health and Presumptive Eligibility
E	Estimated Growth in Enrollment from September 2006 to January 2008	$52,132,041	$306,212,549	$229,432,646	$316,618,098	$37,844,069	$44,863,916	**$987,103,318**	This establishes that portion of the FFS base that could be HMO, if 100% of possible eligibles enrolled with an HMO. Equals Row C - Row D
F	FY 07-08 FFS above, Prorated to Include only January - June Portion of the Fiscal Year	$26,066,020	$153,106,274	$114,716,323	$158,309,049	$18,922,034	$22,431,958	**$493,551,659**	To account for January implementation (1/2 Fiscal Year). Equals Row E / 2
	Policy Change -- Moving from FFS to HMO								
G	Assumed Percent of Caseload Moved to HMO January - June 2008 (phase-in period)	7.56%	18.24%	24.86%	24.80%	4.71%	11.02%	**21.48%**	Enrollment assumption for Jan-Jun 2008. See Table 1, Row R
H	Projected January - June 2008 FFS Expenditure Moved to HMO	$1,971,008	$27,920,582	$28,516,435	$39,263,200	$891,943	$2,472,868	**$101,036,036**	Assumes that HMO enrollees forego FFS expenditure consistent with their percent of total caseload. Is equal to 100% of FFS. Additional incremental expense calculated below. Equals Row F * Row G
I	Percentage Increase in Expenditure for the Clients Switched into HMOs due to Additional Administration Payment (maximum increase for administration)	4.62%	5.00%	5.00%	2.78%	2.94%	5.00%	**4.11%**	Since FFS is equal to 100% medical cost under HMO, only administration increase is added to this expenditure. Total is weighted average based on Row H. See Table 2, Row I
J	Total Increase in HMO Expenditure for FY 07-08 due to FFS Clients Switching to HMO	$2,062,066	$29,316,611	$29,942,257	$40,353,460	$918,137	$2,596,512	**$105,189,042**	Equals Row H * (1 + Row I)
	FY 07-08 Incremental Increase in Expenditure								
K	Increase in Expenditure due to HMO Cost Less Avoided FFS Cost	$91,059	$1,396,029	$1,425,822	$1,090,259	$26,194	$123,643	**$4,153,006**	Difference in HMO expenditure due to increased rates caused by administrative payment which is above 100% of FFS. Equals Row J - Row H

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Table 4.2 -- FY 08-09 Expenditure Change Due to FFS Clients Switching to HMO

Row	Item	Adults 65+ (OAP-A)	Disabled Adults (OAP-B and AND)	Low Income Adults	Eligible Children	Foster Care	Baby Care Program Adults	Total	Formula / Notes
	FY 08-09 Calculation of FFS Expenditure Absent Any Policy Change								
L	Total Pool of FY 07-08 FFS Comparable to HMO Benefit Package	$52,132,041	$306,212,549	$229,432,646	$316,618,098	$37,844,069	$44,863,916	**$987,103,318**	This FY 07-08 figure will be brought forward to FY 08-09. Equals Row E
M	Percent Increase in Caseload to FY 08-09 (Page EB-1 of the November 1, 2006 FY 07-08 Budget Request)	1.22%	0.73%	1.50%	1.36%	3.91%	4.91%	**1.36%**	FY 08-09 Budget projection from Nov. 1. 2006 FY 07-8 Budget Request, page EB-1. Weighted Average in total is not a budget projection.
N	Percent Increase in per capita to FY 08-09 (Page EF-4 of the November 1, 2006 FY 07-08 Budget Request)	0.79%	0.74%	2.64%	1.36%	0.81%	2.57%	**1.51%**	FY 08-09 Budget projection from Nov. 1. 2006 FY 07-8 Budget Request, page EC-1. Weighted Average in total is not a budget projection.
O	Projected FY 08-09 HMO Equivalent FFS Acute Care Base	$53,187,089	$310,723,156	$239,010,592	$325,297,374	$39,642,972	$48,276,559	**$1,016,137,741**	FY 07-08 Budget Division figure, brought to FY 08-09 using simple assumption of constant growth. Equals Row L * (1 + Row M) * (1 + Row N)
	Policy Change -- Moving from FFS to HMO								
P	Percentage of Medicaid Caseload Enrolled in HMOs by the Start of FY 08-09	15.12%	36.47%	49.72%	49.60%	9.43%	22.05%	**42.97%**	Enrollment assumption for FY 08-09 for additional FFS clients enrolled with an HMO and therefore no longer in FFS. See Table 1, Row N
Q	Projected FY 08-09 FFS Expenditure moved to HMO	$8,043,588	$113,327,444	$118,827,554	$161,358,002	$3,737,364	$10,643,883	**$415,937,835**	Equals Row O * Row P
R	Percentage Increase in Expenditure for the Clients Switched into HMOs due to Additional Administration Payment (maximum increase for administration)	4.62%	5.00%	5.00%	2.78%	2.94%	5.00%	**4.11%**	Since FFS is equal to 100% medical cost under HMO, only administration increase is added to this expenditure. Total is weighted average based on Row Q. See Table 2, Row I
S	Total Increase in HMO Expenditures for FY 08-09 due to FFS Clients Switching to HMO	$8,415,194	$118,993,816	$124,768,932	$165,838,586	$3,847,121	$11,176,077	**$433,039,726**	Equals Row Q * (1 + Row R)
	FY 08-09 Incremental Increase in Expenditure								
T	Increase in Expenditure due to HMO Cost Less Avoided FFS Cost	$371,606	$5,666,372	$5,941,378	$4,480,584	$109,757	$532,194	**$17,101,891**	Equals Row S - Row Q

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Table 5 -- Timing of Payments Impact

	Change in Timing of Payments from FFS to Prepaid Capitation		
Row	Item	Total	Formula / Notes
	Timing of Payments Impact FY 07-08 -- Capitation Factor Modeling Based on Historical Experience		
A	FY 04-05 FFS Claims Used in Rate Setting, Limited to January - June Dates of Service	$268,181,243	Claims incurred in FY 04-05, between January 2005 - June 2005, regardless of payment date.
B	FY 04-05 FFS Claims with Dates of Payment After Fiscal Year End, for January - June Dates of Service	$45,343,238	Claims incurred in FY 04-05, between January 2005 - June 2005, but paid in a future fiscal year.
C	Timing Impact Factor - January Start Date	16.91%	Calculation of factor: Equals Row B / Row A timing impact for a mid year implementation. (Historical data limited to January - June)
	Timing of Payments Impact FY 07-08 -- Application of Timing Impact Factor Accompanied By Capitation Payment Delay Impact		
D	January Start Date Prepaid Capitation Percentage	16.91%	Application of timing impact factor to account for difference in cash flow under capitation relative to FFS. See Row C
E	Amount of 'New' Capitations Paid in FY 07-08 (January 2008 start date)	$105,189,042	Total projected FFS expenditure in FY 07-08 (January - June) for those moving to HMO from FFS. See Table 4.1, Row J
F	FFS Claims Paid After Implementation of Statute	$17,785,031	Expenditure for a mid year implementation. (FFS claims that would have been paid in FY 08-09). Equals Row D * Row E
G	Percent of Impact in FY 07-08	83.85%	Assuming a staggered enrollment, an even distribution of claims per month, and a distribution of claim lag, there is some timing impact that is delayed until FY 08-09.
H	**FY07-08 Timing Change Impact**	**$14,913,490**	Equals Row F * Row G
	Timing Change Impact FY 08-09 -- Portion of Medicaid Caseload Moving to HMO from FFS		
I	Percent of Impact that Remains Until FY 08-09	16.15%	Equals 100% - Row G
J	**FY 08-09 Timing Change Impact**	**$2,871,541**	The impact from FY 07-08 that was delayed to FY 08-09. Equals Row F - Row H

Note:
Assumed that only 'switchers' from HMO to FFS have a timing impact. The rate increase on the base HMO expenditure will not change the payment pattern and therefore has no timing impact.

FY 04-05 was the most recent data used in rate setting and was chosen for that reason.

FY 04-05 data considered was limited to HMO covered services, therefore it is not skewed by noncovered Part D drugs.

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Table 6 -- Impact of Shifting Capitation Payment from Pre-Paid to Post-Paid

	Impact from Delaying of Capitation Payments Until the Month After Enrollment		
Row	Item	Total	Formula / Notes
	Shifting Capitation Payment FY 07-08 -- HMO Payment for clients switch from FFS to HMO		
A	Amount of 'New' Capitations Paid in FY 07-08 (January 2008 start date)	$105,189,042	Total projected FFS expenditure in FY 07-08 (January - June) for those moving to HMO from FFS. See Table 4.1, Row J
B	Amount of Capitations Paid in One Month Without Full Enrollment	$17,531,507	One month capitation payment without full enrollment. Equals Row A / 6
C	Amount of Capitations Paid in One Month under Full Enrollment -- June Capitation Payment	$35,063,014	Phase in adjustment. The assumption for FY 07-08 (January - June) HMO enrollment is that it is continuously increasing until reaching full enrollment by the end of June. Required to offset impact of caseload phase in Table 1, Row O. Equals Row B * 2. Note that Row J accounts for June enrollment assumption of reaching full capacity.
D	Amount of 'New' Capitations Paid in FY 07-08 (January - June) with Post Payment Schedule	$70,126,028	Since June is the month that HMO enrollment will reach its full capacity, the capitation payment in June is treated as the payment under full enrollment. June capitation will be paid in July under post payment schedule, and should be removed from FY 07-08. There are only 5 payments made during FY07-08 (January - June). Equals Row A - Row D
E	**FY07-08 Impact of Shifting Capitation Payment for Population Switch from FFS to HMO due to Post Payment**	**($35,063,014)**	June 2008 capitation payment is moved to July 2008. Equals -Row C
	Shifting Capitation Payment FY 07-08 -- HMO Payment for clients already in HMO		
F	Amount of Capitations Paid in FY 07-08 (January 2008 start date)	$50,131,619	Total projected HMO capitation expenditure in FY 07-08 (January - June) for HMO clients who are not new enrollees. See Table 3.1, Row J
G	Amount of Capitations Paid in One Month	$8,355,270	Equals Row F / 6
H	Amount of Capitations Paid in FY 07-08 (January - June) with Post Payment Schedule	$41,776,349	June payment is removed from FY 07-08 payment. There are only 5 payments made during FY 07-08 (January - June). Equals Row F - Row G
I	**FY 07-08 Impact of Shifting Capitation Payment for Population Already Assumed in HMO**	**($8,355,270)**	June 2008 capitation payment is moved to July 2008. Equals -Row G
	Shifting Capitation Payment FY 07-08 -- BHO Payment for clients already in BHO		
J	Amount of Capitations Paid in FY 07-08	$208,208,490	Total projected BHO capitation expenditure in FY 07-08 for BHO clients. See Table 8, FY 07-08 total with policy change
K	Amount of Capitations Paid in One Month	$17,350,708	Equals Row J / 12
L	Amount of Capitations Paid in FY 07-08 with Post Payment Schedule	$190,857,783	June payment is removed from FY 07-08 payment. There are only 11 payments made during FY 07-08. Equals Row J - Row K
M	**FY 07-08 Impact of Shifting Capitation Payment for Population in BHO**	**($17,350,708)**	June 2008 capitation payment is moved to July 2008. Equals -Row K
N	**TOTAL --FY 07-08 Impact of Shifting Capitation Payment due to Post Capitation Payment (both BHO and HMO)**	**($60,768,991)**	Equals Row E + Row I + Row M
	FY 08-09 -- Shifting Capitation Payment		
O	**TOTAL -- FY 08-09 Impact of Shifting Capitation Payment due to Post Capitation Payment (both BHO and HMO)**	**$0**	June 2008 capitation payment is postponed to July 2008, and June 2009 capitation payment is postponed to July 2009. There is no impact in FY 08-09 due to post capitation payment.

Note: Switch in timing of capitation from June 2008 to July 2008 will be offset by delaying June 2009 capitation to July 2009. Net zero impact from capitation payment delay for FY 08-09 and future years is therefore assumed.

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Table 7 -- Analysis of Fiscal Impact to HMOs from Statute Changes

FY 07-08

Row	Item	Current HMO Enrollees		Population Assumed to Move From FFS to HMO		Total	Formula / Notes
		Dollar Amount	Percent	Dollar Amount	Percent		
A	Expected HMO Base Expenditures Without any Change in Policy	$46,138,836	95.00%	$0			Six month (January - June) HMO Projected Expenditure under base budget assumption of no policy change to managed care. See Table 3.2, Row H
B	Expected FFS Base Expenditures Without any Change in Policy	$0		$101,036,036	100.00%		Six months (January - June) FFS projected expenditure under base budget assumption of no policy change to managed care. See Table 4, Row H
C	Base Expenditure	$46,138,836		$101,036,036		$147,174,872	Equals HMO and FFS Base Expenditure respectively. Equals Row A + Row B
D	Expenditures due to Enrollment Shift from FFS to HMO Prior to Consideration of Rate Change	Not applicable, assumed already in managed care	--	($5,051,802)	-5.00%		Note that if capitation rate methodology were not changed, it is assumed that increase in enrollment would create savings of 5% (FFS cost replaced with capitations priced at 95% of FFS). Dollar amount equals Row C * Row D percent
E	Net Base Amount Prior Policy Change	$46,138,836		$95,984,234		$142,123,070	Equals Row C dollar amount + Row D dollar amount
F	Estimated Growth in Enrollment from September 2006 to January 2008	$2,428,360	5.26%	$5,051,802	5.26%	$7,480,162	Assumed that the medical cost component of capitations increases from 95% to 100% of FFS (1/.95)-1. See Table 2, Row H. Dollar amount equals Row C dollar amount * Row D percent
G	Net Base Amount with Medical Cost Increment	$48,567,196		$101,036,036		$149,603,232	Equals Row E dollar amount + Row F dollar amount
H	Additional Administration Included in Rate Setting Calculation	$2,122,004	4.37%	$4,153,006	4.11%	$6,275,011	Weighted average varies, as it is a function on the relative cost of eligibility categories for each piece. Although HMOs currently fund administration out of medical savings, additional consideration of administration is calculated. Table 2, Weighted Average
I	Projected 6 month (January - June) HMO Expenditure Under Base Budget	$50,689,200		$105,189,042		$155,878,243	Equals Row G dollar amount + Row H dollar amount
J	Trend	($557,581)	-1.10%	Not applicable, already in the base.	--		FY 07-08 Reduction in trend from removal of triennial rebasing. See Table 2, Row J. Dollar amount equals Row I dollar amount * Row J percent
K	Net Trend	$50,131,619		$105,189,042			
L	**Total Additional Expenditures Due to Policy Changes**	**$3,992,783**	**8.65%**	**$4,153,006**	**4.11%**	**$8,145,789**	Calculations are compounding. Equals to base expenditure * (1+ Enrollment Shift) * (1+ Medical Cost) * (1+ Admin) * (1+Trend). Equals Row K - Row C

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Table 7 -- Analysis of Fiscal Impact to HMOs from Statute Changes

FY 08-09

Row	Item	Current HMO Enrollees		Population Assumed to Move From FFS to HMO		Total	Formula / Notes
		Dollar Amount	Percent	Dollar Amount	Percent		
M	Expected HMO Base Expenditures Without any Change in Policy	$94,541,215	95.00%	$0	100.00%		FY 07-08 figure, brought to FY 08-09 using simple assumption of constant growth. See Table 3.1, Row P
N	Expected FFS Base Expenditures Without any Change in Policy	$0		$415,937,835			See Table 4, Row O
O	Base Expenditure	$94,541,215		$415,937,835		$510,479,050	Equals HMO - BHO Base Expenditure respectively
P	Expenditures due to Enrollment Shift from FFS to HMO Prior to Consideration of Rate Change	Not applicable, assumed already in managed care	--	($20,796,892)	-5.00%		Note that if capitation rate methodology were not changed, it is assumed that increase in enrollment would create savings of 5% (FFS cost replaced with capitations priced at 95% of FFS). Dollar amount equals Row O * Row P percent
Q	Net Base Amount Prior Policy Change	$94,541,215		$395,140,943		$489,682,158	Equals Row M dollar amount + Row N dollar amount
R	Increase Medical Cost Component	$4,975,853	5.26%	$20,796,892	5.26%	$25,772,745	Assumed that the medical cost component of capitations increases from 95% to 100% of FFS (1/.95)-1. Table 2, Row H. Dollar amount equals Row O dollar Amount * Row P percent
S	Net Base Amount with Medical Cost Increment	$99,517,068		$415,937,835		$515,454,903	Equals Row O dollar amount + Row P dollar amount
T	Additional Administration Included in Rate Setting Calculation	$4,346,451	4.37%	$17,101,891	4.11%	$21,448,342	Weighted average varies, as it is a function on the relative cost of eligibility categories for each piece. Although HMOs currently fund administration out of medical savings, additional consideration of administration is calculated. Table 2, Weighted Average
U	Net Base Amount with Medical and Admin Costs Increments	$103,863,519		$433,039,726		$536,903,245	Equals Row Q dollar amount + Row R dollar amount
V	Trend	($2,272,430)	-2.19%	Not applicable, already in the base.	--		FY 08-09 Reduction in trend from removal of triennial rebasing. Table 2, Row L. Dollar amount equals Row S dollar amount * Row T percent
W	Net Trend	$101,591,089		$433,039,726			
X	**Total Additional Expenditures Due to Policy changes**	**$7,049,874**	**7.46%**	**$17,101,891**	**4.11%**	**$24,151,765**	Calculations are compounding. Equals base expenditure * (1+ Enrollment Shift) * (1+ Medical Cost) * (1+ Admin) * (1+Trend). Equals Row W - Row O

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Table 8 -- Fiscal Impact on the BHO Cost Due to the Blend of Encounter Data and Historical FFS

FY 07-08

Row	Cost Based on Encounter Data Without Blending to Historical FFS	Encounter Based Component (a): Amount due to Administration Cost at 9% of Encounter Cost	Encounter Based Component (a): Amount due to Encounter Cost (Medical Cost)	Total Encounter Based Component	Amount due to Historic FFS Cost (b)	Total (c)	Formula / Notes
A	Percentage of Components	2.70%	27.30%	30.00%	70.00%	100.00%	
B	FY 07-08 Expenditure with no Change to Policy (rate components blended at 70% FFS and 30% encounter data)	$5,517,485	$55,787,903	$61,305,388	$143,045,905	$204,351,293	Preponderance of the rate is based directly on historical FFS experience. FY 07-08 Budget Request: Medicaid Mental Health Community Programs
C	Total Estimated FY 07-08 Expenditure with Policy Change due to Statute (rate components blended at 45% FFS and 55% encounter data)					$208,208,490	Department calculates a 1.9% increase in Total Expenditures. Equals Row B*(1+.019)
D	Estimated Growth in Enrollment from September 2006 to January 2008	4.95%	50.05%	55.00%	45.00%	100.00%	
E	Detailed Estimated FY 07-08 Expenditure with Policy Change due to Statute (rate components blended at 45% FFS and 55% encounter data)	$10,306,320	$104,208,349	$114,514,670	$93,693,821	$208,208,490	This scenario assumes the inclusion of 45% of the historical FFS but emphasis on encounter data
F	**Change from FY 07-08 Base Assumption**	**$4,788,835**	**$48,420,446**	**$53,209,282**	**($49,352,084)**	**$3,857,197**	Equals Row E - Row B

FY 08-09

	Cost Based on Encounter Data Without Blending to Historical FFS	Encounter Based Costs (a): Amount due to Admin Cost at 9% of Encounter Cost	Encounter Based Costs (a): Amount due to Encounter Cost (Medical Cost)	Total Encounter Based Component	Amount due to Historic FFS Cost (b)	Total (c)	Formula / Notes
G	Percentage of Components	2.70%	27.30%	30.00%	70.00%	100.00%	
H	FY 08-09 Expenditure with no Change to Policy (rate components blended at 70% FFS and 30% encounter data)	$5,676,970	$57,400,472	$63,077,442	$147,180,698	$210,258,141	Increase in expenditures for FY 08-09 relative to FY 07-08, using 1.36% caseload increase and 1.51% per capita increase, from Averages in Table 3.2, Rows N and O.
I	Total Estimated FY 07-08 Expenditure with Policy Change due to Statute (rate components blended at 45% FFS and 55% encounter data)					$214,963,718	Department calculates a 2.2% increase in Total Expenditures, based on a 5.4% increase due to the use of 100% encounter data and a 3.0% reduction due to the increased quality of encounter data. Equals H*(1+.022)
J	Percentage of Components	9.00%	91.00%	100.00%	0.00%	100.00%	
K	Detailed Estimated FY 07-08 Expenditure with Policy Change due to Statute (rate calculation including 100% encounter based rate without any historical FFS data)	$19,346,735	$195,616,983	$214,963,718	$0	$214,963,718	This assumes that the Department will include none of the historical FFS data in its FY 08-09 rate setting process
L	**Change from FY 08-09 Base Assumption**	**$13,829,250**	**$139,829,080**	**$153,658,330**	**($143,045,905)**	**$4,705,577**	Equals Row K - Row H

Notes:
(a) Encounter based rate setting does not include any implicit allowance for administration as does FFS, therefore it must be considered separately.
(b) The amount includes FFS costs only.
(c) Total includes the sum of encounter based and historic FFS rate components.

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Table 9 -- Summary of Fiscal Impact

Row	Item			Formula / Notes
	Provider Payments	**FY 07-08**	**FY 08-09**	Before Timing of Payments Impact and Shifting of Capitation Payments.
A	Behavior Health MCOs	$3,857,197	$4,705,577	Table 8.
B	Physical Health MCOs	$8,145,789	$24,151,765	Includes current HMO enrollees and FFS population that moved to HMO reenrollment. Table 7.
C	**Total**	**$12,002,986**	**$28,857,342**	
	Department Administrative Costs	**FY 07-08**	**FY 08-09**	
D	Contracting for Standardized Encounter Reporting Manual	$50,000	$0	
E	Contracting for Standard Mental Health Fee Schedule from a Cost Study	$300,000	$0	
F	Actuarial Services	$45,000	$0	
G	Contractor for Passive Enrollment	$697,600	$816,862	
H	Medicaid Management Information System (MMIS) Changes	$194,040	$0	
I	**Total**	**$1,286,640**	**$816,862**	
	Additional Costs	**FY 07-08**	**FY 08-09**	
J	Timing of Payments Impact	$14,913,490	$2,871,541	Table 5, Row H and Row J
K	Shifting of the Capitation Payment from June 2008 to July 2008	($60,768,991)	$0	Table 5, Row N
	Summary of Costs	**FY 07-08**	**FY 08-09**	
L	The Department's Total Costs	$28,203,116	$32,545,746	Equals Row C + Row I + Row J
M	Moneys used from Shifting of the Capitation Payment from June 2008 to July 2008 to Offset Department's Total Cost	$28,203,116	$0	Department's Cost are offset in FY 07-08 only.
N	Remaining Moneys Shifted into Supplemental Managed Care Quality Incentive Payment Fund	($32,565,876)	$0	Moneys are moved in Supplemental Fund in FY 07-08 only. Equals Row L + Row K
O	**Total Fiscal Impact**	**$0**	**$32,545,746**	