



Cost and FTE

- The Department requests a reduction of \$1,318,801 General Fund for FY 2015-16; an increase of \$16,865,498 General Fund for FY 2016-17; and an increase of \$29,880,484 General Fund for FY 2017-18 to the Medicare Modernization Act State Contribution Payment line item. This request does not require any additional FTE.

Current Program

- The Department serves clients who are eligible for both Medicaid and Medicare.
- Dual-eligible clients are provided prescription drug coverage through the federal Medicare program.
- The State is required to reimburse the federal government for the amount the federal Centers for Medicare and Medicaid Services (CMS) determines is the State's obligation for such prescription drug coverage, which is also called the "clawback" payment.

Problem or Opportunity

- The State's obligation varies from year to year and is affected by changes in caseload and the per member per month (PMPM) rate, which is also determined by CMS.
- The Department must annually forecast both anticipated caseload and PMPM rate to ensure the State is adequately funded to meet its reimbursement obligation to the federal government.

Consequences of Problem

- If this request is not approved and the State is unable to meet its reimbursement obligation to the federal government, the Department would be at risk of having the amount due for the clawback payment – plus interest – deducted from the federal funds received for the Medicaid program, generating overexpenditures on other line items.

Proposed Solution

- The Department requests adjustment to the appropriation in the Medicare Modernization Act State Contribution Payment line item to meet the State's obligation to the federal government for prescription drug coverage for dual-eligible clients while reducing the risk of reverting funds that could be used for other purposes.



COLORADO

Department of Health Care
Policy & Financing

FY 2016-17 Funding Request | November 2, 2015

John W. Hickenlooper
Governor

Susan E. Birch
Executive Director

Department Priority: R-4

Request Detail: Medicare Modernization Act State Contribution Payment

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund
Medicare Modernization Act State Contribution Payment	(\$1,318,801)	(\$1,318,801)

Summary of Incremental Funding Change for FY 2016-17	Total Funds	General Fund
Medicare Modernization Act State Contribution Payment	\$16,865,498	\$16,865,498

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
Medicare Modernization Act State Contribution Payment	\$29,880,484	\$29,880,484

Problem or Opportunity:

On January 1, 2006, the federal Centers for Medicare and Medicaid Services (CMS) assumed responsibility for the Medicare Part D prescription-drug benefit that replaced the Medicaid prescription-drug coverage for dual-eligible clients, who are individuals eligible for both Medicare and Medicaid. States are required to make mandatory state payments to the federal government, known as the “clawback” payment, to help finance the Medicaid Part D benefit for the dual-eligible population for the states’ share of the costs of outpatient prescription drugs. The amount of each state’s clawback payment roughly reflects the expenditures of its own funds that the state would make if it continued to pay for outpatient prescription drugs through Medicaid on behalf of dual-eligible clients. These clawback payments, if left unpaid, are subject to automatic deduction – plus interest – from the federal funds the State receives for the Medicaid program.

Proposed Solution:

The Department requests a decrease of \$1,318,801 General Fund for FY 2015-16; an increase of \$16,865,498 General Fund for FY 2016-17; and an increase of \$29,880,484 General Fund for FY 2017-18 for funding adjustment to the Medicare Modernization Act State Contribution Payment line item to cover the State’s share of the costs of the Medicare Part D outpatient prescription drug benefit for dual-eligible clients. The Medicare Modernization Act State Contribution Payment line item is entirely General Fund, as it is a reimbursement to the federal government and is not eligible to receive a federal match.

If the Department does not receive the requested appropriations and subsequently cannot make the required federal payment within the Department’s existing spending authority, the Department would be required to use overexpenditure authority to make the payment, pursuant to section 24-75-109(1)(a.6), C.R.S. Without overexpenditure authority, the Department would be at risk of having the amount due for the clawback payment – plus interest – deducted from the federal funds received for the Medicaid program, generating overexpenditures on other line items.

Anticipated Outcomes:

One of the Department’s top priorities in its Performance Plan is to “ensure sound stewardship of financial resources.” The approval of this request would be a direct implementation of this goal by allowing the Department to meet its obligation to the federal government, and ensuring that no amount of federal funds owed to the State for Medicaid would be subject to deduction plus interest.

Assumptions and Calculations:

Detailed calculations for the request are included in the attached appendix.

A summary of the funding request for the Medicare Modernization Act State Contribution Payment line item by fund type is provided for FY 2015-16, FY 2016-17, and FY 2017-18 in tables 1.1, 1.2, and 1.3, respectively. Row C in each of these tables provides the amount of incremental change requested.

The State’s clawback payment is calculated according to three factors:

1. The projected number of Medicare and Medicaid dual-eligible clients enrolled in a Part D plan;
2. A per member per month (PMPM) estimate of the amount the State otherwise would have spent on Medicaid prescription drugs for dual-eligible clients; and
3. A “phasedown” percentage of the State’s obligation for the PMPM rate was set forth by the MMA starting at 90% in 2006 and declined by 1.67% each year thereafter until 2015 when it reached 75%, where it will remain ongoing.

The Department’s estimates of the clawback payment are \$115,497,948 for FY 2015-16; \$133,682,247 for FY 2016-17; and \$146,697,233 for FY 2017-18, based on the Department’s most recent caseload projections and projections of the per member per month (PMPM) rate paid by the State as required by federal regulations (see row O of tables 2.1, 2.3, and 2.5 of the appendix).

The total caseload and expenditure estimates for FY 2015-16, FY 2016-17, and FY 2017-18 are calculated in tables 2.1, 2.3, and 2.5, respectively. The Department assumes the changes in dual-eligible caseload will follow a 5.96% growth trend determined by annualizing the monthly average growth over the past two years from July 2013 through June 2015. Retroactivity is also considered in this forecast because clients are able to be retroactively enrolled and disenrolled for up to 24 months. This method estimates caseload by increasing the total caseload incurred each month by 0.50% to forecast the total caseload for the following month. Rows A through L on tables 2.1, 2.3 and 2.5 of the appendix show the breakdown of actual and projected caseload for a given month by the calendar year for which the caseload is attributed. Due to a two-month delay between when the Department receives an invoice from CMS and when the invoice is paid, the

amount paid in the state fiscal year includes invoices received between May and April. Tables 2.2, 2.4, and 2.6 provide calculations of caseload and expenditures by the various PMPM rates for each calendar year for dual-eligible clients.

The changes in the PMPM rate are based on a prescribed methodology established by CMS. The PMPM rates are calculated by calendar year in tables 3.1, 3.2, 3.3, and 3.4 of the appendix. The change in percentage of growth in row G is calculated by subtracting the average growth rate of per capita prescription drug expenditure between years 2003 and 2006 from the annual growth of National Health Expenditure (NHE) percentage of growth from 2014 NHE estimates in row F from the percentage of growth from 2013 NHE estimates in row C. The annual percentage increase (API) in average per capita aggregate Part D expenditures in row J for CY 2016 is provided in the “Announcement of CY 2016 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies” document issued by CMS on April 6, 2015. For CY 2017 and CY 2018, the Department uses the median of the last five years of the annual percentage increase in average per capita Part D expenditures from CY 2011 to CY 2015 to project the percentage change in the rate (found in row J of tables 3.3 and 3.4). The final percentage change in the PMPM rate is calculated in row K of tables 3.1-3.4. The 11.76% API for CY 2016 shown in table 3.2 row J grew 7.74% higher than the 4.02% shown in table 3.1 row J. This growth trend is primarily attributed to the increased Medicare Part D costs associated with a new high cost drug for treatment of Hepatitis C.

To calculate the CY 2016 PMPM rate before the phasedown, the prior year’s PMPM is increased by the final percentage change in the PMPM rate (found in row M). The PMPM rates are also adjusted based on changes in the Federal Medicaid Assistance Percentage (FMAP) rate which occur on a federal fiscal year (October 1 through September 30 timespan) as follows:

- FFY 2014: 50.00%
- FFY 2015: 51.01%
- FFY 2016: 50.72%
- FFY 2017: 50.32%

To determine the State’s share of the PMPM, the total projected rate (found in row N) is multiplied by the State share of the FMAP (100% minus applicable FMAP percentage above) and by the 75% phasedown percentage to estimate the PMPM rates shown in row R (rate for January through September) and row S (rate for October through December).

Table 4.1 provides actual caseload history from FY 2006-07 through FY 2014-15 and caseload projections based on current trends for FY 2015-16 through FY 2017-18. Table 4.2 provides actual and projected aggregate monthly caseload history by number of member months and average monthly caseload. Table 4.3 shows the PMPM rate history from CY 2006 to CY 2015, and projected PMPM rates for CY 2016 to CY 2018.

R-4 Medicare Modernization Act of 2003 State Contribution Payment
Appendix A: Calculations and Assumptions

Table 1.1				
FY 2015-16 Summary of Incremental Funding Request				
LBG (6) Other Medical Services, Medicare Modernization Act State Contribution Payment Line Item				
Row	Item	Total Funds	General Fund	Source
A	FY 2015-16 Spending Authority	\$116,816,749	\$116,816,749	Long Bill Appropriation (SB 15-234)
B	Projected FY 2015-16 Expenditures	\$115,497,948	\$115,497,948	Table 2.3 Row O
C	FY 2015-16 Incremental Change	(\$1,318,801)	(\$1,318,801)	Row B - Row A

Table 1.2				
FY 2016-17 Summary of Incremental Funding Request				
LBG (6) Other Medical Services, Medicare Modernization Act State Contribution Payment Line Item				
Row	Item	Total Funds	General Fund	Source
A	FY 2016-17 Spending Authority	\$116,816,749	\$116,816,749	Long Bill Appropriation (SB 15-234)
B	Projected FY 2016-17 Expenditures	\$133,682,247	\$133,682,247	Table 2.5 Row O
C	FY 2016-17 Incremental Change	\$16,865,498	\$16,865,498	Row B - Row A

Table 1.3				
FY 2017-18 Summary of Incremental Funding Request				
LBG (6) Other Medical Services, Medicare Modernization Act State Contribution Payment Line Item				
Row	Item	Total Funds	General Fund	Source
A	FY 2017-18 Spending Authority	\$116,816,749	\$116,816,749	Long Bill Appropriation (SB 15-234)
B	Projected FY 2017-18 Expenditures	\$146,697,233	\$146,697,233	Table 2.5 Row O
C	FY 2017-18 Incremental Change	\$29,880,484	\$29,880,484	Row B - Row A

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Appendix A: Calculations and Assumptions

Table 2.1						
FY 2015-16 Projected Caseload and Expenditures						
Row	Month	CY 2013	CY 2014	CY 2015	CY 2016	FY 2015-16 TOTAL
A	May 2015	(48)	52	71,529	0	71,533
B	June 2015	(118)	168	73,022	0	73,072
C	July 2015	(62)	425	72,478	0	72,841
D	August 2015	(53)	324	72,920	0	73,191
E	September 2015	(45)	245	73,351	0	73,551
F	October 2015	(29)	170	73,774	0	73,915
G	November 2015	(15)	108	74,187	0	74,280
H	December 2015	0	55	74,593	0	74,648
I	January 2016	0	25	2,732	72,266	75,023
J	February 2016	0	(12)	1,679	73,721	75,388
K	March 2016	0	(37)	1,140	74,667	75,770
L	April 2016	0	(55)	848	75,351	76,144
M	CY Client Total	(370)	1,468	592,253	296,005	889,356
N	CY PMPM Rate ⁽¹⁾	\$133.62	Varies ⁽²⁾	Varies ⁽²⁾	Varies ⁽²⁾	
O	Expenditures ⁽³⁾	(\$49,439)	\$180,687	\$74,002,962	\$41,363,739	\$115,497,948

(1) PMPM Rates in row N are calculated in tables 3.1, 3.3 and 3.5
(2) Rate changes occurred in calendar year's 2014, 2015 and 2016 due to FMAP changes from 50.0% in FFY 2014, 51.01% in FFY 2015; and 50.72% in FFY 2016.
(3) Expenditures are calculated by summing the caseload for a given CY and then multiplying that sum (row M) by its respective CY PMPM rate (table 2.2) to get total CY expenditures (row O) for FY 2015-16.

Table 2.2					
Caseload Breakdown for FY 2015-16 with CY 2014, CY 2015, and CY 2016 Rates					
Row	Rate Period	FY 2015-16 Dual-Eligible Caseload	Rates	Total	Source
A	Jan - Sept 2014	66	\$125.50	\$8,283	
B	Oct - Dec 2014	1,402	\$122.97	\$172,404	
C	CY 2014 Total	1,468		\$180,687	Row A + Row B
D	Jan - Sept 2015	374,878	\$124.68	\$46,739,789	
E	Oct - Dec 2015	217,375	\$125.42	\$27,263,173	
F	CY 2015 Total	592,253		\$74,002,962	Row D + Row E
G	Jan - Sept 2016	296,005	\$139.74	\$41,363,739	
H	Oct - Dec 2016	0	\$140.59	\$0	
I	CY 2016 Total	296,005		\$41,363,739	Row G + Row I

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Table 2.3						
FY 2016-17 Projected Caseload and Expenditures						
Row	Month	CY 2014	CY 2015	CY 2016	CY 2017	FY 2016-17 TOTAL
A	May 2016	(64)	668	75,919	0	76,523
B	June 2016	(67)	542	76,432	0	76,907
C	July 2016	(67)	431	76,924	0	77,288
D	August 2016	(59)	334	77,402	0	77,677
E	September 2016	(48)	247	77,862	0	78,061
F	October 2016	(33)	172	78,316	0	78,455
G	November 2016	(16)	111	78,754	0	78,849
H	December 2016	0	52	79,186	0	79,238
I	January 2017	0	24	2,893	76,723	79,640
J	February 2017	0	(13)	1,781	78,269	80,037
K	March 2017	0	(40)	1,205	79,272	80,437
L	April 2017	0	(55)	898	79,999	80,842
M	CY Client Total	(354)	2,473	627,572	314,263	943,954
N	CY PMPM Rate ⁽¹⁾	Varies ⁽²⁾	Varies ⁽²⁾	Varies ⁽²⁾	\$144.86	
O	Expenditures ⁽³⁾	(\$43,919)	\$308,951	\$87,893,077	\$45,524,138	\$133,682,247

(1) PMPM Rates in row N are calculated in tables 3.1-3.5
(2) Rate changes occurred for calendar year's 2014, 2015 and 2016 due to FMAP changes from 50.0% in FFY 2014, 51.01% in FFY 2015; and 50.72% in FFY 2016. Expenditure for CY 2014 and CY 2015 in row O is calculated in table 2.2.
(3) Expenditures are calculated by multiplying caseload by the respective PMPM rate shown in table 2.2.

Table 2.4					
Caseload Breakdown for FY 2016-17 with CY 2014, CY 2015, and CY 2016 Rates					
Row	Rate Period	FY 2016-17 Dual-Eligible Caseload	Rates	Total	Source
A	Jan - Sept 2014	(153)	\$125.50	(\$19,202)	
B	Oct - Dec 2014	(201)	\$122.97	(\$24,717)	
C	CY 2014 Total	(354)		(\$43,919)	Row A + Row B
D	Jan - Sept 2015	1,639	\$124.68	\$204,351	
E	Oct - Dec 2015	834	\$125.42	\$104,600	
F	CY 2015 Total	2,473		\$308,951	Row D + Row E
G	Jan - Sept 2016	396,789	\$139.74	\$55,447,295	
H	Oct - Dec 2016	230,783	\$140.59	\$32,445,782	
I	CY 2016 Total	627,572		\$87,893,077	Row G + Row H

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Appendix A: Calculations and Assumptions

Table 2.5						
FY 2017-18 Projected Caseload and Expenditures						
Row	Month	CY 2015	CY 2016	CY 2017	CY 2018	FY 2017-18 TOTAL
A	May 2017	(63)	705	80,601	0	81,243
B	June 2017	(39)	709	81,147	0	81,817
C	July 2017	(7)	716	81,669	0	82,378
D	August 2017	35	718	82,174	0	82,927
E	September 2017	83	725	82,666	0	83,474
F	October 2017	125	722	83,143	0	83,990
G	November 2017	165	729	83,612	0	84,506
H	December 2017	210	731	84,068	0	85,009
I	January 2018	0	736	3,071	81,453	85,260
J	February 2018	0	738	1,890	81,860	84,488
K	March 2018	0	744	1,280	82,269	84,293
L	April 2018	0	745	951	82,680	84,376
M	CY Client Total	509	8,718	666,272	328,262	1,003,761
N	CY PMPM Rate ⁽¹⁾	Varies ⁽²⁾	Varies ⁽²⁾	\$144.86	\$148.96	
O	Expenditures ⁽³⁾	\$63,416	\$1,219,748	\$96,516,162	\$48,897,908	\$146,697,233

(1) PMPM Rates in row N are calculated in tables 3.1-3.5
(2) Rate change occurred in CY 2015 due to FMAP change from 51.01% in FFY 2015 to 50.72% in FFY 2016. Expenditure for CY 2015 in row O is calculated in table 2.6.
(3) Expenditures are calculated by summing the caseload of rows A through L for a given CY and then multiplying that sum (row M) by its respective CY PMPM rate (row N) to get total CY expenditures (row O) for FY 2016-17.

Table 2.6					
Caseload Breakdown for FY 2016-17 with CY 2015 and CY 2016 Rates					
Row	Rate Period	FY 2017-18 Dual-Eligible Caseload	Rates	Total	Source
A	Jan - Sept 2015	572	\$124.68	\$71,317	
B	Oct - Dec 2015	(63)	\$125.42	(\$7,901)	
C	CY 2015 Total	509		\$63,416	Row A + Row B
D	Jan - Sept 2016	6,960	\$139.74	\$972,590	
E	Oct - Dec 2016	1,758	\$140.59	\$247,157	
F	CY 2016 Total	8,718		\$1,219,748	Row D + Row E

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Appendix A: Calculations and Assumptions

Table 3.1		
CY 2015 PMPM Rate Calculation		
Row	Item	Source
	From 2013 NHE Estimates	
A	Estimated 2003 Per Capita Rx Drug Expenditures	\$607
B	Estimated 2006 Per Capita Rx Drug Expenditures	\$752
C	Percentage Growth	23.89% (Row B ÷ Row A) - 1
	From 2014 NHE Estimates	
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$610
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$753
F	Percentage Growth	23.44% (Row E ÷ Row D) - 1
G	Change in Percentage Growth	-0.36% (1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/7/2014	
H	Annual percentage trend for July 2014	4.07%
I	Revisions of Annual percentage trend for July 2013	-0.05%
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2015 (Attachment V, Table V-3)	4.02% (1 + Row H) × (1 + Row I) - 1
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2015	3.66% Row G + Row J
L	CY 2014 PMPM Rate Prior to FMAP and Phasedown	\$327.40
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2015	3.66% Row K
N	Projected CY 2015 PMPM Rate Prior to FMAP and Phasedown	\$339.38 Row L × (1 + Row M)
O	FMAP State Share	48.99% FFY 2015 FMAP is 51.01%
P	Projected CY 2015 PMPM Rate Prior to Phasedown	\$166.26 Row N × Row O
Q	CY 2015 Phasedown Percentage	75.00% CY 2015 Phasedown %
R	CY 2015 PMPM Rate (January through September 2015 with 51.01% FMAP)	\$124.68 Actual Rate
S	CY 2015 PMPM Rate (October through December 2015 with 50.72% FMAP)	\$125.42 (Row R/48.99%)*49.28%

Source: Centers for Medicare and Medicaid Services (CMS), 2013 and 2014 NHE estimates; and Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies, Attachment V, Table V-3.

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Appendix A: Calculations and Assumptions

Table 3.2		
Estimated CY 2016 PMPM Rate Calculation		
Row	Item	Source
	From 2014 NHE Estimates	
A	Estimated 2003 Per Capita Rx Drug Expenditures	\$607
B	Estimated 2006 Per Capita Rx Drug Expenditures	\$752
C	Percentage Growth	23.89% (Row B ÷ Row A) - 1
	Projected 2014 NHE Estimates	
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$610
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$753
F	Percentage Growth	23.44% (Row E ÷ Row D) - 1
G	Change in Percentage Growth	-0.36% (1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2016 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/6/2015	
H	Annual percentage increase trend for 2015	6.37%
I	Revisions of Prior Year Annual Percentage Trend	5.07%
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2015 (Attachment V, Table V-1)	11.76% (1 + Row H) × (1 + Row I) - 1
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2016	11.40% Row G + Row J
L	CY 2015 PMPM Rate Prior to FMAP and Phasedown	\$339.38 Table 3.1 Row N
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2016	11.40% Row K
N	Projected CY 2016 PMPM Rate Prior to FMAP and Phasedown	\$378.08 Row L × (1 + Row M)
O	FMAP State Share	49.28% FFY 16 FMAP is 50.72%
P	Projected CY 2016 PMPM Rate Prior to Phasedown	\$186.32 Row N × Row O
Q	CY 2016 Phasedown Percentage	75.00% CY 2016 Phasedown %
R	Estimated CY 2016 PMPM Rate (January through September 2016 with 50.72% FMAP)	\$139.74 Row P × Row Q
S	Estimated CY 2016 PMPM Rate (October through December 2016 with 50.42% FMAP)	\$140.59 (Row R/48.22%)*49.58%

Source: Centers for Medicare and Medicaid Services (CMS), 2013 and 2014 NHE estimates; and Announcement of CY 2016 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies, Attachment V, Table V-3.

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Appendix A: Calculations and Assumptions

Table 3.3		
Estimated CY 2017 PMPM Rate Calculation		
Row	Item	Source
	Projected 2015 NHE Estimates	
A	Estimated 2003 Per Capita Rx Drug Expenditures	\$607
B	Estimated 2006 Per Capita Rx Drug Expenditures	\$752
C	Percentage Growth	23.89% (Row B ÷ Row A) - 1
	Projected 2016 NHE Estimates	
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$610
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$753
F	Percentage Growth	23.44% (Row E ÷ Row D) - 1
G	Change in Percentage Growth	-0.36% (1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/7/14	
H	Projected Annual percentage trend for 2016	4.07% Median Change from FY 2011-FY 2015
I	Projected Prior Year Revisions of Annual percentage Trend	-0.85% Median Change from FY 2011-FY 2015
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2016	3.19% (1 + Row H) × (1 + Row I) - 1
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2017	2.83% Row G + Row H
L	CY 2016 PMPM Rate Prior to FMAP and Phasedown	\$378.08 Table 3.2 Row N
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2017	2.83% Row K
N	Projected CY 2017 PMPM Rate Prior to FMAP and Phasedown	\$388.78 Row L × (1 + Row M)
O	FMAP State Share	49.68% FFY 17 FMAP is 50.32%
P	Projected CY 2017 PMPM Rate Prior to Phasedown	\$193.14 Row N × Row O
Q	CY 2017 Phasedown Percentage	75.00% CY 2017 Phasedown %
R	Estimated CY 2017 PMPM Rate (January through December 2017 with 50.42% FMAP)	\$144.86 Row P × Row Q

Source: Centers for Medicare and Medicaid Services (CMS), 2013 and 2014 NHE estimates; and Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies, Attachment V, Table V-3.

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Appendix A: Calculations and Assumptions

Table 3.4
Estimated CY 2018 PMPM Rate Calculation

Row	Item		Source
	Projected 2015 NHE Estimates		
A	Estimated 2003 Per Capita Rx Drug Expenditures	\$607	
B	Estimated 2006 Per Capita Rx Drug Expenditures	\$752	
C	Percentage Growth	23.89%	(Row B ÷ Row A) - 1
	Projected 2016 NHE Estimates		
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$610	
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$753	
F	Percentage Growth	23.44%	(Row E ÷ Row D) - 1
G	Change in Percentage Growth	-0.36%	(1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/7/14		
H	Projected Annual percentage trend for July 2016	4.07%	Median Change from FY 2011-FY 2015
I	Projected Prior Year Revisions of the Annual percentage trend for July 201	-0.85%	Median Change from FY 2011-FY 2015
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2015 (Attachment V, Table V-3)	3.19%	(1 + Row H) × (1 + Row I) - 1
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2018	2.83%	Row G + Row H
L	CY 2017 PMPM Rate Prior to FMAP and Phasedown	\$388.78	Table 3.3 Row N
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2018	2.83%	Row K
N	Projected CY 2017 PMPM Rate Prior to FMAP and Phasedown	\$399.78	Row L × (1 + Row M)
O	FMAP State Share	49.68%	Using FFY 17 FMAP is 50.32% as FFY 18 FMAP is unknown
P	Projected CY 2017 PMPM Rate Prior to Phasedown	\$198.61	Row N × Row O
Q	CY 2017 Phasedown Percentage	75.00%	
R	Estimated CY 2018 PMPM Rate (January through December 2018 with 50.42% FMAP)	\$148.96	Row P × Row Q

Source: Centers for Medicare and Medicaid Services (CMS), 2013 and 2014 NHE estimates; and Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies, Attachment V, Table V-3.

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Appendix A: Calculations and Assumptions

Table 4.1		
Invoice Caseload History		
Item	Total Member Months Caseload	Average Monthly Caseload
FY 2006-07	611,212	50,934
FY 2007-08	642,840	53,570
% Change from FY 2006-07	5.17%	5.18%
FY 2008-09	651,968	54,331
% Change from FY 2007-08	1.42%	1.42%
FY 2009-10	664,292	55,358
% Change from FY 2008-09	1.89%	1.89%
FY 2010-11	697,817	58,151
% Change from FY 2009-10	5.05%	5.05%
FY 2011-12	725,075	60,423
% Change from FY 2010-11	3.91%	3.91%
FY 2012-13	750,509	62,542
% Change from FY 2011-12	3.51%	3.51%
FY 2013-14	812,812	67,734
% Change from FY 2012-13	8.30%	8.30%
FY 2014-15	865,253	72,133
% Change from FY 2013-14	6.45%	6.49%
FY 2015-16 Projection	889,356	74,475
% Change from FY 2014-15 Projection	2.79%	3.25%
FY 2016-17 Projection	943,954	78,663
% Change from FY 2015-16 Projection	6.14%	5.62%
FY 2017-18 Projection	1,002,172	83,514
% Change from FY 2016-17 Projection	6.17%	6.17%

R-4 Medicare Modernization Act of 2003 State Contribution Payment
Appendix A: Calculations and Assumptions

Table 4.2		
Aggregate Monthly Caseload History		
Item	Total Member Months Caseload	Average Monthly Caseload
FY 2006-07	618,862	51,572
FY 2007-08	630,715	52,560
% Change from FY 2006-07	1.92%	1.92%
FY 2008-09	621,662	51,805
% Change from FY 2007-08	-1.44%	-1.44%
FY 2009-10	665,732	55,478
% Change from FY 2008-09	7.09%	7.09%
FY 2010-11	693,267	57,772
% Change from FY 2009-10	4.14%	4.13%
FY 2011-12	728,875	60,740
% Change from FY 2010-11	5.14%	5.14%
FY 2012-13	757,424	63,119
% Change from FY 2011-12	3.92%	3.92%
FY 2013-14	803,330	66,944
% Change from FY 2012-13	6.06%	6.06%
FY 2014-15	869,445	72,454
% Change from FY 2013-14	8.23%	8.23%
FY 2015-16 Projection	890,014	74,168
% Change from FY 2014-15 Projection	2.37%	2.37%
FY 2016-17 Projection	944,479	78,707
% Change from FY 2015-16 Projection	6.12%	6.12%
FY 2017-18 Projection	1,002,713	83,559
% Change from FY 2016-17 Projection	6.17%	6.16%

R-4 Medicare Modernization Act of 2003 State Contribution Payment
Appendix A: Calculations and Assumptions

Table 4.3					
PMPM Rate History					
Item	Q1	Q2	Q3	Q4	Average PMPM Rate
CY 2006	\$114.71	\$114.71	\$114.71	\$114.71	\$114.71
CY 2007	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30
% Change from CY 2006					4.87%
CY 2008	\$120.03	\$120.03	\$120.03	\$98.95	\$114.76
% Change from CY 2007					-4.61%
CY 2009	\$106.03	\$98.81	\$98.81	\$98.81	\$100.62
% Change from CY 2008					-12.33%
CY 2010	\$101.49	\$101.49	\$101.49	\$101.49	\$101.49
% Change from CY 2009					0.87%
CY 2011	\$107.07	\$111.97	\$129.84	\$129.84	\$119.68
% Change from CY 2010					17.92%
CY 2012	\$132.41	\$132.41	\$132.41	\$132.41	\$132.41
% Change from CY 2011					10.64%
CY 2013	\$133.62	\$133.62	\$133.62	\$133.62	\$133.62
% Change from CY 2013-14					0.91%
CY 2014	\$125.50	\$125.50	\$125.50	\$122.97	\$124.87
% Change from CY 2014-15					-6.55%
CY 2015	\$124.68	\$124.68	\$124.68	\$125.42	\$124.87
% Change from CY 2014					0.00%
CY 2016 Projection	\$139.74	\$139.74	\$139.74	\$140.59	\$139.95
% Change from CY 2015-16 Projection					12.08%
CY 2017 Projection	\$144.86	\$144.86	\$144.86	\$144.86	\$144.86
% Change from CY 2016-17 Projection					3.51%
CY 2018 Projection	\$148.96	\$148.96	\$148.96	\$148.96	\$148.96
% Change from CY 2016-17 Projection					2.83%

R-4 Medicare Modernization Act of 2003 State Contribution Payment
Appendix A: Calculations and Assumptions

Table 4.4			
MMA Expenditures by State Fiscal Year			
Item	Total Funds	General Fund	Federal Funds
FY 2005-06	\$31,461,626	\$31,461,626	\$0
FY 2006-07	\$72,494,301	\$72,494,301	\$0
FY 2007-08	\$71,350,801	\$71,350,801	\$0
FY 2008-09	\$73,720,837	\$73,720,837	\$0
FY 2009-10	\$57,624,126	\$57,624,126	\$0
FY 2010-11	\$72,377,768	\$58,706,725	\$13,671,043
FY 2011-12	\$93,582,494	\$62,939,212	\$30,643,282
FY 2012-13	\$101,817,855	\$52,136,848	\$49,681,007
FY 2013-14	\$106,376,992	\$68,306,130	\$38,070,862
FY 2014-15	\$107,620,224	\$107,190,799	\$429,425