

## MEMORANDUM

**Date:** January 13, 2014

**To:** Supervisor Peggy Romo West, Chair, Committee on Health and Human Needs

**From:** Maria Ledger, Director, Department of Family Care

**Subject:** Information Only Report on the Milwaukee County Department of Family Care 2014 **Final** Capitation Rate

The Family Care program integrates home and community-based services, institutional care services (i.e., nursing homes), Medicaid personal care, home health, and other services that were previously funded separately. The Milwaukee County Department of Family Care (MCDFC) currently serves more than 8,233 members.

### *Capitation Rate Overview*

A Capitation Rate is a payment made to a Managed Care Organization (MCO) each month for each enrolled Family Care Member that month. It is established by an outside independent actuarial firm and covers all services in the Family Care benefit package and administration costs of the MCO.

Each MCO's rate is blended for all target group members (i.e., Developmentally Disabled, Physically Disabled and Frail Elderly) and the payment is the same for every Member. The payment represents a projected average cost across all MCO Family Care Members and is calculated as the minimum amount for all Members, plus add-on amounts for those Members with clinical characteristics related to add-ons.

The capitation rate may not be used as an upper limit on the cost of services each person receives. Costs may exceed revenue in a given year.

The State goes through a vetting process and selects historical cost data from Family Care MCOs whose data is determined to meet the standards for inclusion for each target group and a statistical model correlates information from two data sources. Currently, the capitation rate model includes data from twenty-two (22) counties and does not include MCDFC's data for the Milwaukee County expansion population for younger adults age 59 and under. The statistical model identifies:

- A minimum amount each MCO will get for every Member;
- Certain functional characteristics strongly related to costs above the minimum;
- The level of additional cost associated with each functional characteristic – 'add-ons'; and
- All current data from the Long Term Care Functional Screen is considered when identifying 'add-ons'.

After several months of significant data analysis, the State Department of Health Services (DHS) provides each MCO with one blended Per Member Per Month (PMPM) rate. Capitation rate ranges of all the MCO's throughout Wisconsin during the past five years have been as follows:

CY 2013: \$2,777 - \$3,476  
CY 2012: \$2,748 - \$3,469  
CY 2011: \$2,668 - \$3,766  
CY 2010: \$2,627 - \$3,542  
CY 2009: \$2,400 - \$3,489

### ***Final 2014 Capitation Rate for MCDFC***

The preliminary capitation rate for the Milwaukee County Department of Family Care for Milwaukee County in 2014 was established at \$2,666. This represented a 3.8% decrease from the 2013 capitation rate of \$2,771.<sup>1</sup>

The preliminary capitation rate for the Milwaukee County Department of Family Care for Racine/Kenosha County in 2014 was set at \$3,158. This represented a 2.9% increase from the 2013 capitation rate of \$3,070.<sup>1</sup>

The preliminary capitation rate for the Milwaukee County Department of Family Care for Region 6 (Ozaukee, Sheboygan, and Walworth) in 2014 was set at \$3,117. This represented a 0.4% decrease from the 2013 capitation rate of \$3,130.<sup>1</sup> The preliminary capitation rate for the Milwaukee County Department of Family Care for Region 6 (Waukesha and Washington) in 2014 was set at \$3,423. This represented a 0.9% decrease from the 2013 capitation rate of \$3,453.<sup>1</sup>

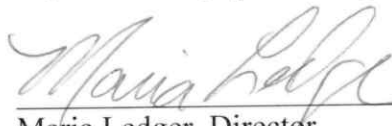
In regard to the 2014 capitation rate for Milwaukee, the Department of Family Care submitted additional information to DHS regarding for additional refinement to the capitation rate. The Director and the Chief Financial Officer conferred with DHS and advocated on behalf of this program and the members it serves to ensure that reimbursement rates are appropriate and sufficient to maintain the quality of services that are instrumental in serving our most vulnerable citizens.

Due to our efforts in this regard, the MCDFC's 2014 capitation rate was increased \$10.68 PMPM for a final capitation rate of \$2,677.

While this 2014 final capitation rate represents an increase of approximately \$1.03 million dollars in additional revenue to the MCDFC over the preliminary capitation rate, the 2014 final rate still represents a 3.4 % decrease to the MCO's 2013 capitation rate or a reduction in 2014 revenue estimated at \$9.1 million.

The MCO continues to work at mitigating this loss in revenue while still maintaining high quality services.

If you have any questions, please call me at 287-7610.



Maria Ledger, Director  
Milwaukee County Department of Family Care

cc: Chris Abele, Milwaukee County Executive  
Raisa Koltun, Director of Legislative Affairs, Office of the County Executive  
Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors  
Scott Manske, Comptroller, Milwaukee County  
Jodi Mapp, Committee Clerk, Milwaukee County Board of Supervisors  
Jim Hodson, CFO, Department of Family Care

<sup>1</sup>The 2013 capitation rate consists of the base rate plus an adjustment add-on for medication adherence equipment and solvency.