

The Menges Group

Strategic Health Policy & Care Coordination Consulting

Projected Savings of Medicaid Capitated Care: National and State-by-State

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I. Executive Summary

We were asked by the Association for Community Affiliated Plans (ACAP) to estimate the Medicaid savings of the capitated coordinated care model. The capitated model, through which state Medicaid agencies contract with managed care organizations (MCOs), has yielded large-scale Medicaid savings to date. For persons and services included in Medicaid capitation programs, our report estimates that the MCO model delivered nationwide Medicaid savings of \$2.4 billion during 2011. Due to many states' expansions in their use of the Medicaid MCO model since 2011, as well as increases in the number of persons covered by Medicaid (mostly attributable to the ACA's coverage expansion in 28 states), we estimate that the MCO model will deliver savings of \$6.4 billion to the Medicaid program during 2016.

State-by-state estimates of these projected 2016 savings, by major Medicaid eligibility group and overall, are presented in Exhibit ES-1.

The report also estimates the level of additional savings the Medicaid MCO model can achieve in each state by transitioning all remaining fee-for-service (FFS) costs into the capitated setting. Nationwide, we estimate that the Medicaid savings from a mature MCO model (assuming the MCO model was introduced in 2016), for all remaining FFS beneficiaries and services would total \$6.0 billion during 2020 and \$50.1 billion across the ten-year timeframe 2016-2025. State-by-state estimates of the ten year savings associated with a full transition of impactable FFS costs to the MCO model are presented in Exhibit ES-2 for each major eligibility group and overall.

The savings figures in in Exhibits ES-1 and ES-2 also show the distribution between the federal and state share, based on each state's current Federal match rate.

The projected Medicaid costs in each state are derived from a 2011 base year applying nationally uniform cost trending factors to each state and adjusting for state-specific dynamics such as whether the state implemented the ACA Medicaid expansion, and whether the state has expanded use of the MCO contracting model since 2011. MCO savings factors were derived in a nationally uniform manner. While we believe this methodology provides a reasonable estimate of current and potential Medicaid savings in each state of using the capitated MCO model, many state-specific dynamics would need to be taken into consideration to develop a more precise savings estimate in a given state.

Exhibit ES-1. Estimated 2016 Medicaid Savings from Existing MCO Contracting Programs

State	2016 Savings (\$ Millions), Existing Medicaid MCO Populations							
	TANF & TANF-Related	Medicaid Only Disabled	Dual Eligibles	All Other Beneficiaries	Total	Federal Match	Federal Share	State Share
AK	\$0	\$0	\$0	\$0	\$0	50.00%	\$0	\$0
AL	\$0	\$0	\$0	\$0	\$0	69.87%	\$0	\$0
AR	\$0	\$0	\$0	\$0	\$0	70.00%	\$0	\$0
AZ	\$94	\$130	\$25	\$3	\$252	68.92%	\$173	\$78
CA	\$95	\$551	\$24	\$4	\$675	50.00%	\$337	\$337
CO	\$5	\$11	\$1	\$1	\$18	50.72%	\$9	\$9
CT	\$0	\$0	\$0	\$0	\$0	50.00%	\$0	\$0
DC	\$0	\$10	\$0	\$0	\$10	70.00%	\$7	\$3
DE	\$14	\$11	\$0	\$0	\$26	54.83%	\$14	\$12
FL	\$38	\$294	\$4	\$12	\$348	60.67%	\$211	\$137
GA	\$33	\$3	\$1	\$11	\$49	67.55%	\$33	\$16
HI	\$17	\$19	\$3	\$1	\$41	53.98%	\$22	\$19
IA	\$1	\$3	\$0	\$0	\$5	54.91%	\$3	\$2
ID	\$0	\$0	\$0	\$0	\$0	71.24%	\$0	\$0
IL	\$35	\$95	\$8	\$0	\$138	50.89%	\$70	\$68
IN	\$53	\$5	\$0	\$0	\$58	66.60%	\$38	\$19
KS	\$6	\$62	\$0	\$1	\$69	55.96%	\$39	\$31
KY	\$71	\$145	\$1	\$1	\$218	70.32%	\$153	\$65
LA	\$7	\$74	\$0	\$0	\$80	62.21%	\$50	\$30
MA	\$47	\$103	\$7	\$9	\$166	50.00%	\$83	\$83
MD	\$50	\$72	\$0	\$1	\$124	50.00%	\$62	\$62
ME	\$0	\$0	\$0	\$0	\$0	62.67%	\$0	\$0
MI	\$76	\$205	\$15	\$2	\$299	65.60%	\$196	\$103
MN	\$44	\$7	\$5	\$2	\$58	50.00%	\$29	\$29
MO	\$8	\$1	\$0	\$1	\$10	63.28%	\$7	\$4
MS	\$6	\$49	\$0	\$0	\$55	74.17%	\$41	\$14
MT	\$0	\$0	\$0	\$0	\$0	65.24%	\$0	\$0
NC	\$0	\$0	\$0	\$0	\$0	66.24%	\$0	\$0
ND	\$3	\$4	\$0	\$0	\$7	50.00%	\$4	\$4
NE	\$2	\$6	\$0	\$0	\$9	51.16%	\$5	\$4
NH	\$2	\$15	\$0	\$0	\$17	50.00%	\$8	\$8
NJ	\$69	\$194	\$1	\$3	\$267	50.00%	\$133	\$133
NM	\$41	\$26	\$0	\$1	\$69	70.37%	\$48	\$20
NV	\$12	\$0	\$0	\$0	\$12	64.93%	\$8	\$4
NY	\$299	\$904	\$42	\$5	\$1,250	50.00%	\$625	\$625
OH	\$133	\$109	\$11	\$2	\$255	62.47%	\$159	\$96
OK	\$0	\$0	\$0	\$0	\$0	60.99%	\$0	\$0
OR	\$82	\$43	\$1	\$6	\$132	64.38%	\$85	\$47
PA	\$94	\$391	\$3	\$13	\$500	52.01%	\$260	\$240
RI	\$11	\$5	\$1	\$1	\$18	50.42%	\$9	\$9
SC	\$18	\$89	\$1	\$0	\$108	71.08%	\$77	\$31
SD	\$0	\$0	\$0	\$0	\$0	51.61%	\$0	\$0
TN	\$61	\$204	\$17	\$3	\$285	65.05%	\$185	\$100
TX	\$41	\$495	\$5	\$9	\$549	57.13%	\$314	\$235
UT	\$1	\$8	\$2	\$0	\$10	70.24%	\$7	\$3
VA	\$13	\$56	\$3	\$2	\$74	50.00%	\$37	\$37
VT	\$0	\$0	\$0	\$0	\$0	53.90%	\$0	\$0
WA	\$23	\$6	\$0	\$1	\$30	50.00%	\$15	\$15
WI	\$17	\$33	\$8	\$1	\$59	58.23%	\$34	\$25
WV	\$15	\$0	\$0	\$0	\$16	71.42%	\$11	\$5
WY	\$0	\$0	\$0	\$0	\$0	50.00%	\$0	\$0
US Total	\$1,635	\$4,442	\$193	\$95	\$6,366	56.6%	\$3,604	\$2,762

Exhibit ES-2. Estimated Ten Year Savings from 2016-2025 from Conversion of All Impactable FFS Costs into MCO Setting (assumes enrollees transition into capitated MCOs in 2016)

State	Ten Year Savings, 2016-2025 (\$ Millions), Converting Impactable FFS Costs to MCOs in 2016							
	TANF & TANF-Related	Medicaid Only Disabled	Dual Eligibles	All Other Beneficiaries	Total	Federal Match	Federal Share	State Share
AK	\$38	\$316	\$7	\$20	\$381	50.00%	\$191	\$191
AL	\$48	\$1,090	\$34	\$30	\$1,202	69.87%	\$840	\$362
AR	\$119	\$1,015	\$28	\$31	\$1,194	70.00%	\$835	\$358
AZ	\$45	\$176	\$2	\$7	\$230	68.92%	\$158	\$71
CA	\$2,250	\$3,984	\$206	\$289	\$6,730	50.00%	\$3,365	\$3,365
CO	\$256	\$779	\$23	\$32	\$1,090	50.72%	\$553	\$537
CT	\$540	\$767	\$56	\$32	\$1,396	50.00%	\$698	\$698
DC	\$154	\$640	\$12	\$16	\$823	70.00%	\$576	\$247
DE	\$19	\$153	\$7	\$6	\$185	54.83%	\$101	\$84
FL	\$17	\$228	\$163	\$101	\$509	60.67%	\$309	\$200
GA	\$20	\$1,894	\$40	\$34	\$1,988	67.55%	\$1,343	\$645
HI	(\$2)	\$39	\$0	\$2	\$39	53.98%	\$21	\$18
IA	\$107	\$737	\$30	\$19	\$894	54.91%	\$491	\$403
ID	\$17	\$381	\$10	\$12	\$419	71.24%	\$299	\$121
IL	\$428	\$1,546	\$69	\$104	\$2,147	50.89%	\$1,092	\$1,054
IN	\$201	\$1,340	\$47	\$34	\$1,622	66.60%	\$1,080	\$542
KS	(\$11)	(\$70)	\$19	\$26	(\$36)	55.96%	(\$20)	(\$16)
KY	(\$19)	(\$47)	\$32	\$51	\$17	70.32%	\$12	\$5
LA	\$34	\$898	\$36	\$39	\$1,007	62.21%	\$626	\$380
MA	\$99	\$1,515	\$62	\$105	\$1,781	50.00%	\$891	\$891
MD	\$35	\$1,237	\$40	\$57	\$1,368	50.00%	\$684	\$684
ME	\$32	\$381	\$15	\$5	\$433	62.67%	\$271	\$161
MI	\$65	\$824	\$40	\$37	\$966	65.60%	\$633	\$332
MN	\$64	\$1,625	\$50	\$29	\$1,768	50.00%	\$884	\$884
MO	\$44	\$1,751	\$43	\$75	\$1,912	63.28%	\$1,210	\$702
MS	\$25	\$419	\$27	\$21	\$492	74.17%	\$365	\$127
MT	\$121	\$184	\$6	\$9	\$321	65.24%	\$209	\$112
NC	\$236	\$2,810	\$64	\$51	\$3,160	66.24%	\$2,093	\$1,067
ND	\$39	\$73	\$8	\$7	\$127	50.00%	\$64	\$64
NE	\$14	\$288	\$13	\$24	\$340	51.16%	\$174	\$166
NH	\$0	\$13	\$10	\$11	\$35	50.00%	\$17	\$17
NJ	(\$35)	(\$122)	\$77	\$58	(\$21)	50.00%	(\$11)	(\$11)
NM	\$7	\$156	\$11	\$2	\$176	70.37%	\$124	\$52
NV	\$52	\$411	\$7	\$28	\$498	64.93%	\$323	\$175
NY	\$163	\$595	\$353	\$226	\$1,337	50.00%	\$669	\$669
OH	\$238	\$2,639	\$90	\$88	\$3,055	62.47%	\$1,908	\$1,146
OK	\$57	\$922	\$25	\$40	\$1,045	60.99%	\$637	\$408
OR	\$76	\$327	\$16	\$9	\$428	64.38%	\$276	\$152
PA	\$111	\$1,517	\$113	\$39	\$1,780	52.01%	\$926	\$854
RI	(\$0)	\$257	\$11	\$10	\$278	50.42%	\$140	\$138
SC	\$15	\$111	\$41	\$20	\$187	71.08%	\$133	\$54
SD	\$14	\$183	\$6	\$11	\$214	51.61%	\$110	\$103
TN	(\$20)	\$302	\$7	\$5	\$295	65.05%	\$192	\$103
TX	(\$0)	\$384	\$111	\$108	\$603	57.13%	\$345	\$259
UT	\$41	\$363	\$15	\$22	\$440	70.24%	\$309	\$131
VA	\$4	\$986	\$29	\$45	\$1,065	50.00%	\$532	\$532
VT	\$67	\$209	\$7	\$13	\$296	53.90%	\$159	\$136
WA	\$146	\$1,606	\$43	\$29	\$1,824	50.00%	\$912	\$912
WI	\$115	\$757	\$29	\$21	\$923	58.23%	\$537	\$385
WV	\$87	\$849	\$26	\$27	\$990	71.42%	\$707	\$283
WY	\$10	\$119	\$5	\$6	\$140	50.00%	\$70	\$70
US Total	\$6,185	\$39,559	\$2,221	\$2,125	\$50,091	58.0%	\$29,066	\$21,025

II. Introduction

We were asked by the Association for Community Affiliated Plans (ACAP) to estimate the Medicaid savings of the capitated coordinated care model. This report provides estimates of the Medicaid savings that currently occur through MCO capitation contracting programs relative to the FFS setting, as well as the additional savings that are available through full and optimal use of this approach. Our estimates are provided at the national and state level, for all Medicaid beneficiaries and for five large eligibility categories. Baseline figures were tabulated for 2011, with projections made across the 2016-2025 timeframe.

This year, 2015, marks the Medicaid program's 50th anniversary of providing health coverage to the nation's lowest-income subgroups. Over the past several decades, the Medicaid program has steadily evolved away from the traditional fee-for-service model and towards a coordinated system of coverage. As shown in Exhibit 1, states have increasingly engaged in capitation contracting with Medicaid managed care organizations (MCOs).

Exhibit 1. Capitation as Percentage of All Medicaid Spending, 2000-2016

Year	% of Medicaid Expenditures Paid Via Capitation
2000	14.9%
2005	16.9%
2010	27.3%
2011	29.7%
2016 (est.)	44.3%

States contract with MCOs to create clear points of accountability for facilitating access to needed services, effectively measuring and improving quality, and attaining available cost savings. States determine all key aspects of their Medicaid coordinated care programs, including:

- Whether the managed care organization (MCO) contracting model will be used. Currently 38 states contract with at least one MCO on a capitated basis, with 12 states not using this approach.
- Which populations will be enrolled in MCOs (which eligibility groups, geographic areas, etc.).
- Whether enrollment in the MCO model is voluntary or mandatory. The vast majority of states contracting with Medicaid MCOs use a mandatory enrollment model, whereby Medicaid-covered individuals can choose from among different participating MCOs but must enroll in an MCO. Within mandatory enrollment programs, states also determine

how those individuals not selecting a health plan will be assigned among the different participating MCOs.

- Which Medicaid services will be included in the capitated model and which services will remain paid for in the traditional fee-for-service (FFS) setting, i.e., be “carved-out.” While states are increasingly seeking to include all Medicaid covered services in the capitation program to foster an integrated, whole person focused model of care coordination, benefits carve-outs are still common. Services that have most often been carved-out include behavioral health services, dental care, and prescription drugs.
- How the participating MCOs will be selected. In most states, a competitive procurement process is used through which the Medicaid agency contracts with a small number of top-qualified MCOs. In some states, however, an application process is used whereby all MCOs successfully meeting the state’s program requirements can participate.
- A vast array of additional program design features and operating requirements are determined at the state level, often including staffing requirements (staff to enrollee ratios and degree to which staff need to be based in-state), provider network composition and payment requirements, data reporting, quality measurement and monitoring, member services responsiveness, etc.

The remainder of this report develops estimates of the savings that have occurred to date through Medicaid capitation programs, as well as the potential additional savings that can be achieved through use of the capitated MCO model for remaining Medicaid fee-for-service expenditures.

III. Baseline Data Compilation and Methodology

The process used to develop the estimates in this report included the following steps.

Step 1 -- Baseline Data. We primarily worked with CMS Medicaid Statistical Information System data files.¹ The most recent year in which data were available for all states is 2011. Data were tabulated for each state as delineated below.

Population Groups:

- Children and Adults who are non-disabled and non-dual eligible
- Disabled (non-dual eligible persons obtaining Medicaid coverage by virtue of a disability)
- Dual Eligibles (persons covered by both Medicaid and Medicare)
- All Other Beneficiaries (foster care children and several other relatively small eligibility groups)
- Total (all Medicaid beneficiaries)

¹ This information has been available at msis.cms.hhs.gov throughout the past several years, although CMS recently removed these data files from the publicly available website.

Data Elements Tabulated (for each Population Group):

- Total Medicaid Expenditures
- Capitated Medicaid Expenditures
- Total Months of Medicaid Coverage

Exhibit 2 presents national totals for 2011. During 2011, 30% of national Medicaid spending occurred via capitation. Capitation represented just over half of nationwide Medicaid expenditures for non-disabled, non-dual eligible children and adults. Capitation was used much less for dual eligibles -- where 15% of 2011 Medicaid spending was paid via capitation -- and for Medicaid-only disabled beneficiaries (24%).

Exhibit 2. 2011 Baseline Data – National Overview

Eligibility Group	Capitated Expenditures	Fee-For-Service Expenditures	Total Expenditures	% of Expenditures Paid Via Capitation
TANF & TANF-Related	\$61,598,522,450	\$55,805,285,007	\$117,403,807,457	52.5%
Medicaid-Only Disabled	\$24,190,635,126	\$77,567,894,707	\$101,758,529,833	23.8%
Dual Eligibles	\$19,569,071,578	\$115,101,362,142	\$134,670,433,719	14.5%
All Other	\$3,569,180,870	\$8,975,099,162	\$12,544,280,032	28.5%
Total	\$108,927,410,023	\$257,449,641,018	\$366,377,051,041	29.7%

In some states, the MSIS capitation expense data represents payments for primary care case management programs rather than payments to an at-risk MCO. MSIS capitation spending during 2011 in Alabama, Arkansas, Idaho, Mississippi, North Carolina and Oklahoma was re-categorized as FFS expense in order to more accurately depict MCO capitation payment activity.

Exhibit 3 conveys additional statistics that can be readily derived from the MSIS data elements -- e.g., each eligibility group's share of costs and covered persons, average costs per covered person, and the percentage of expenditures paid via capitation.

Exhibit 3. Distribution of 2011 Medicaid Costs and Expenditures by Eligibility Category

Eligibility Group	Average Covered Persons During Year	Percent of Persons	Percent of Expenditures	Average Annual Cost Per Person
TANF & TANF-Related	40,833,767	72%	32%	\$2,875
Medicaid-Only Disabled	5,398,153	9%	28%	\$18,851
Dual Eligibles	9,163,135	16%	37%	\$14,697
All Other	1,579,331	3%	3%	\$7,943
Total	56,974,386	100%	100%	\$6,431

The per capita costs in the right-hand column of Exhibit 3 illustrate the significant health status differences between the eligibility categories. Non-disabled children and adults (TANF & TANF-related subgroups) represented 72% of all Medicaid beneficiaries during 2011, but this subgroup has Medicaid’s lowest costs on a per capita basis and accounts for only 32% of Medicaid’s overall expenditures. Persons with disabilities who are not dually eligible for Medicare have Medicaid’s highest per capita costs – nearly \$19,000 in 2011. This disabled subgroup’s per capita costs were roughly 8 times those of non-disabled children and 5 times those of non-disabled adults. The Medicaid per capita costs of dual eligibles were just under \$15,000 during 2011. These higher-cost beneficiaries remained largely served in the traditional fee-for-service coverage setting as of 2011.

State-specific information for 2011, similar to the statistics shown in Exhibits 2 and 3, are provided in Appendix A. The first page of Appendix A includes program-wide Medicaid spending in each state (across all eligibility categories). The four subsequent pages of Appendix A contain corresponding information for each Medicaid eligibility category.

Step 2 – Trending of Baseline Data. We applied uniform inflation factors -- to each eligibility group and in each state -- to trend the 2011 information forward through 2020. These factors were a 1% annual increase in the size of the covered population, and a 5% annual increase in per person Medicaid expenditures. Our MSIS tabulations indicated that Medicaid’s nationwide average annual per capita Medicaid cost increases from 2003-2010 averaged close to 5% for several major eligibility groups, including children (4.9%), adults (5.1%) and disabled non-dual eligibles (4.8%). Actual average annual Medicaid population growth during the 2003-2010 timeframe was larger than the 1% estimate used in this report (e.g., 3.5% for children and 4.9% for adults), although this timeframe included a significant recession from 2007-2009 that may have caused unusually large growth in the number of persons qualifying for Medicaid coverage.

Step 3 – Factoring in Medicaid Expansion Population. Large increases in the number of Medicaid-covered adults have recently occurred due to the eligibility expansion provisions of the Affordable Care Act (ACA). Twenty-eight states have implemented the eligibility expansion. The estimated increase in Medicaid covered adults in each of these states is derived from a November 2012 Urban Institute report, “The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis.” Across the 28 states (plus the District of Columbia) implementing the Medicaid expansion, more than 6.5 million adults are projected to enroll in the program. This population was included in estimating the size of each state’s 2016 Medicaid population, in addition to the annual 1% increase projected from 2011.

A related adjustment was made in California, which provided a minimal benefits package to many childless adults prior to implementing Medicaid expansion. California’s medical costs per non-disabled adult in 2011 averaged less than \$1,500, far below the average of remaining states of more than \$4,500. Under the Medicaid expansion, we estimate that average costs per California covered adult in 2016 will be \$3,600, reflecting full Medicaid (known as “Medi-Cal” in California) benefits for most adult beneficiaries.

Step 4 – Adjusting for Known Growth of Capitation Contracting Model. Since 2011, several states have expanded their use of the Medicaid capitation model. States enrolling new populations into Medicaid MCOs since 2011 include Florida, Illinois, Kansas, Kentucky, Louisiana, Mississippi, New Hampshire, New Jersey, New York, North Dakota, South Carolina, and Texas.

In these 12 states, we used the percentage of Medicaid prescriptions paid by Medicaid MCOs during the fourth quarter of 2014 as a proxy for estimating the percentage of Medicaid costs that each state is paying via capitation for the child, adult, and Medicaid-only disabled eligibility categories. For example, in Texas 84% of Q4 2014 Medicaid prescriptions were paid by Medicaid MCOs. We assumed that 84% of Texas’ overall Medicaid costs in the TANF-related and Medicaid-only disabled categories were paid via capitation in 2016. Iowa is about to implement a large-scale capitation expansion during CY2016; we crudely estimate that 50% of Iowa’s 2016 Medicaid spending will occur via capitation payments to MCOs.

In addition, several states are participating in the Medicaid/Medicare financial alignment demonstration program in partnership with selected MCOs and with CMS. These states include California, Illinois, Massachusetts, Michigan, New York, Ohio, Rhode Island and Virginia. In these states, except Michigan, we estimated that 25% of 2016 Medicaid expenditures will be capitated in each year from 2016-2020. More than 25% of Michigan’s 2011 dual eligible Medicaid spending was capitated, therefore capitation was estimated to represent 50% of Michigan’s dual eligibles from 2016-2020 as a result of participation in the demonstration program.

Exhibit 4 compares the actual 2011 and projected 2016 mix of beneficiaries and use of capitation contracting at the national level. Appendix B provides this information for each state. The first page of Appendix B shows program-wide information across all eligibility categories. The ensuing five pages of Appendix B present corresponding information for each eligibility category.

Exhibit 4. 2016 Projected Costs and Use of Capitation

Eligibility Group	Total Expenditures	% of Expenditures Paid Via Capitation	Average Covered Persons During Year	% of Persons	% of Expenditures	Average Annual Cost Per Person
TANF & TANF-Related	\$201,432,460,838	63.1%	49,480,699	74%	38%	\$4,071
Medicaid-Only Disabled	\$136,497,339,993	50.9%	5,673,513	9%	25%	\$24,059
Dual Eligibles	\$180,644,865,925	19.9%	9,630,547	14%	34%	\$18,757
All Other	\$16,826,705,921	28.5%	1,659,893	2%	3%	\$10,137
Total	\$535,401,372,677	44.3%	66,444,651	100.0%	100.0%	\$8,058

The five-year timeframe 2011-2016 has been a period of large-scale change in the configuration of the Medicaid program in many states, as well as when viewed on a national scale. Some of the major national-level developments include:

- A 17% increase in Medicaid’s covered population is projected to occur between 2011 and 2016. This increase is driven by more than a 50% increase in non-disabled adults due to 28 states implementing the ACA coverage expansion.
- A 46% increase in overall program expenditures is projected from 2011-2016, driven by a 119% increase in Medicaid expenditures for non-disabled adults.

A 120% increase in Medicaid capitation expenditures is projected from 2011-2016. This increase is primarily attributable to 12 states’ decisions to transition large portions of their Medicaid beneficiaries from the FFS setting into Medicaid MCOs.² We estimate that capitation contracting has grown from representing 30% of all Medicaid spending in 2011 to comprising 45% of current Medicaid spending.

The remainder of the report focuses on estimating the savings the capitated MCO model is currently delivering to the Medicaid program, as well as the potential additional savings this model can achieve if utilized optimally on Medicaid’s remaining FFS expenditures.

IV. Medicaid MCO Savings Estimates

We have estimated MCO model savings on a percentage basis by eligibility group and year of implementation through the following process:

Step 1 -- Estimate annual cost distribution within each eligibility group by medical service category. These figures, shown in Exhibit 5, were derived from MSIS data tabulations in states

² These twelve states, in order of the degree to which the estimated proportion of overall Medicaid spending paid via capitation will increase from 2011-2016, are: Kentucky (56% change), Iowa (45%), New Hampshire (42%), Texas (39%), Mississippi (33%), New York (31%), Illinois (30%), Louisiana (29%), Kansas (28%), New Jersey (28%), South Carolina (22%), and Florida (20%).

with no Medicaid capitation programs. Each figure was rounded to the nearest 2.5% value for purposes of demonstrating that these distributions are approximated for purposes of developing a reasonable MCO model savings estimate that can be applied across all states (rather than precise figures tailored to each state).

Exhibit 5. Projected Approximate Distribution of 2016 Medicaid FFS Expenditures by Eligibility Category and Type of Service

Eligibility Group	Estimated Average Per Capita Cost, 2016	Approximate % Distribution of Total Costs in Medicaid Fee-For-Service Setting					
		Inpatient Hospital	Outpatient Hospital	Pharmacy (Net of Rebates)	Physician & Clinic	Residential Facility	All Other
TANF & TANF-Related	\$4,071	27.5%	12.5%	5.0%	32.5%	2.5%	20.0%
Medicaid-Only Disabled	\$24,059	20.0%	5.0%	10.0%	15.0%	10.0%	40.0%
Dual Eligibles	\$18,757	5.0%	0.0%	0.0%	10.0%	40.0%	45.0%
All Other	\$10,137	20.0%	5.0%	5.0%	20.0%	15.0%	35.0%

Step 2 -- Estimate percentage MCO impacts on costs. MCO model costs relative to the FFS setting were projected as shown in Exhibit 6 for each eligibility group and medical service category. These figures largely reflect expected utilization mix and volume impacts, and presume that provider prices for services in the MCO setting will be closely similar to those paid in the Medicaid fee-for-service setting. These figures were also developed at rounded 5% intervals, to avoid implying actuarial precision.

Exhibit 6. Projected Medicaid MCO Costs as Percent of Fee-For-Service Costs

Eligibility Group	Inpatient Hospital	Outpatient Hospital	Pharmacy (Net of Rebates)	Physician & Clinic	Residential Facility	All Other
TANF & TANF-Related	72.5%	75.0%	85.0%	105.0%	80.0%	90.0%
Medicaid-Only Disabled	70.0%	75.0%	85.0%	105.0%	80.0%	90.0%
Dual Eligibles	80.0%	75.0%	100.0%	105.0%	95.0%	90.0%
All Other	80.0%	75.0%	85.0%	105.0%	75.0%	90.0%

The derivation of the specific figures used is described below.

- Inpatient Hospital: Large-scale percentage inpatient savings are expected to occur in the MCO setting due to a wide array of efforts to maintain persons' health status such that clinical crises occur less often, and due to MCOs' extensive efforts to utilize lower-cost clinically appropriate alternatives to hospitalization when significant health needs arise. A 30% savings in inpatient care is projected for populations where admissions are largely

of a medical/surgical or psychiatric nature.³ A slightly smaller savings is projected in the “Adult” beneficiary category (25%) due to many of these admissions being for childbirth and the expectation that Medicaid MCOs will not significantly reduce the birth rate (although these organizations strive to help women avert unwanted pregnancies). With the introduction of the Medicaid expansion population, the percentage inpatient savings occurring for adult beneficiaries (relative to the FFS setting) is likely to increase due to an increased proportion of medical/surgical admissions and a reduced proportion of maternity admissions. Inpatient percentage savings for dual eligibles are reduced to 20% because Medicare is the primary payer (creating no Medicaid savings from length-of-stay reductions). Estimated percentage inpatient savings for the “All Other” beneficiary category are also smaller (20%) due to the inclusion of subgroups for whom the inpatient admissions are often triggering Medicaid coverage and being retrospectively paid for.

- **Outpatient Hospital:** Outpatient hospital costs are projected to be reduced by 25% for all eligibility categories through the MCOs’ efforts to establish and reinforce 24/7 “medical homes” at the primary care provider level. More broadly, considerable savings are often available through shifting the location of care from an outpatient hospital setting to alternative settings (physician offices, freestanding laboratories, etc.). These projected savings include – but are by no means limited to – reductions in use of hospital emergency departments.
- **Pharmacy (Net of Rebates):** A 15% savings on post-rebate prescription drug costs is assumed based primarily on a recent assessment that encompassed all Medicaid prescriptions paid by MCOs and by Medicaid FFS in each state.⁴ This percentage was the most conservative savings quantified in the report.
- **Physician and Clinic:** No savings are projected in this category, but rather an increased cost of five percentage points. It is estimated that primary care costs will increase considerably in an MCO setting – both due to a greater volume of care being rendered by these front-line providers (relative to the unmanaged FFS environment) and due to increased compensation such as performance incentive payments. We anticipate that some of these additional primary care costs will be offset by reduced usage of specialist services and substitution away from high-cost procedures where clinically appropriate and lower-cost options exist.

³ An assessment of medical/surgical inpatient utilization among Medicare special needs plans identified an average 34% reduction relative to the FFS setting for comparable beneficiaries, with the vast majority of this population being Medicaid/Medicare dual eligibles. (“2014 SNP Alliance and Advanced Practice Report,” May 2015, The Menges Group). A synthesis of research findings compiled by the Lewin Group during 2004 found a 27% reduction in inpatient costs for an Ohio MCO, and a 25% - 38% reduction in preventable hospitalizations. The report is available at:

<http://www.lewin.com/publications/publication/395/>

⁴ “Comparison of Medicaid Pharmacy Costs and Usage in Carve-In Versus Carve-Out States,” prepared by The Menges Group for America’s Health Insurance Plans, April 2015. The report is available at:

https://www.themengesgroup.com/upload_file/medicaid_pharmacy_carve-in_final_paper_the_menges_group_april_2015.pdf

- **Residential Facility:** Reductions in spending on nursing homes and residential psychiatric facility care of 20% are projected where Medicaid is the primary payer. While not published, one Medicaid MCO has indicated that it reduced the number of foster children residing in institutions by half within two years of serving this subgroup. For dual eligibles, where Medicaid is the primary payer for long-term nursing home care and the vast majority of nursing home costs are tied to individuals who will be institutionalized for the rest of their lives, only a 5% reduction is projected. This modest percentage reduction in nursing home usage for dual eligibles nonetheless translates to a large-scale dollar Medicaid savings. States are increasingly implementing managed long-term care (MLTC) programs, and many MCOs have become experienced at achieving nursing home diversions when beneficiaries can be safely housed in the community.
- **All Other:** A 10% reduction in all other services is projected. This category includes many mental health services, personal support services, waiver services, home health, durable medical equipment, dental services, transportation services and any other services that are not explicitly captured in the other five categories shown in Exhibits 5 and 6. The ten percent savings reflects an expectation that these services are collectively impactable, but not to the degree of many other services (such as inpatient hospital and pharmacy).

Step 3 -- Incorporate Allocation for MCO Administrative Costs. The proportion of Medicaid MCO capitation payments allocated for administrative costs and risk margin (or profit margin) is estimated in Exhibit 7. In general, we are assuming that a 2% risk margin is necessary, meaning the administrative cost allocation is two percentage points less than each figure shown in Exhibit 7 (e.g., 9.5% for TANF & TANF-Related beneficiaries). In general, the lower the per capita costs in a given category, the higher the percentage administrative cost allocation. For dual eligibles, a particularly low administrative allocation is assumed because of Medicaid's secondary payer role for acute health care services.

The percentage allocations for administration and risk margin in Exhibit 7 average 9.7% across all the eligibility categories on a dollar-weighted basis for CY2020. A recent report prepared by Milliman quantified an average administrative cost for Medicaid MCOs of 8.3% of revenue for CY2014, excluding taxes paid for the ACA Insurer Fee or for a federal matching fund maximization program.⁵ Adding a two percent risk margin to the industry average quantified by Milliman yields a 10.3% administrative allocation for 2014. The 9.7% average used in our projections is slightly below the 2014 industry average. However, for purposes of a ten year projection beginning in 2016, our figure is well-aligned with the reported 2014 industry average given that Medicaid MCO administrative costs as a percentage of revenue have been decreasing annually. The national average moved from 9.2% in 2012 to 8.3% in 2014 as quantified in the Milliman report.

⁵ "Medicaid Risk-Based Managed Care: Analysis of Administrative Costs for 2014," Milliman Research Report (Jeremy Palmer, Christopher Pettit and Ian McCulla), June 2015. The exclusion of the MCO taxes is appropriate as these are not "administrative costs" but rather amounts that must be added to the capitation rate then returned in the form of a tax.

Note that the percentage allocations in Exhibit 7 are somewhat misleading in that the lowest percentage allocations represent the largest per capita administrative cost allocations. For example, the 8.5% allocation in the Medicaid-Only Disabled eligibility group represents an annual per capita administrative and risk margin allocation of more than \$1,700. Conversely, the 11.5% allocation for TANF and TANF-Related beneficiaries represents an annual per capita allocation of less than \$450 due to the lower baseline costs in this eligibility group.

Exhibit 7. Projected Non-Medical Allocations to Capitation Rate for Medicaid MCOs by Eligibility Group

Eligibility Group	Estimated Annual Administrative Allocation and Risk/Profit Margin Per Person, CY2016	Allocation as % of MCO Capitation Payments
TANF & TANF-Related	\$441	11.5%
Medicaid-Only Disabled	\$1,730	8.5%
Dual Eligibles	\$1,213	6.5%
All Other	\$991	10.5%

Combining all of the figures in Exhibits 5, 6 and 7 results in the percentage savings of the MCO model shown in Exhibit 8. These percentage savings depict mature (Years 5 and beyond) implementation of the MCO model, and range from a low of 0.9% for TANF and TANF-Related children and adults to a high of 6.0% for individuals in the Medicaid-Only Disabled subgroup.

The percentages in Exhibit 8 are used to estimate savings from all existing MCO capitation programs in each state. For purposes of estimating the savings that will occur when existing FFS costs are converted into the MCO capitation model, the figures in Exhibit 8 represent Year 5 (or CY2020) savings. Savings estimates for new MCO expansions in 2016 are estimated to be two percentage points smaller for each eligibility group and state than in 2020, with these savings increasing by 0.5 percentage points in each subsequent year from 2017-2020.

Exhibit 8. Estimated Capitated MCO Model Savings Versus Fee-For-Service by Eligibility Group and Implementation Year

Eligibility Group	Estimated Percent Savings From MCO Model	
	Year 1	Year 5
TANF & TANF-Related	-1.1%	0.9%
Medicaid-Only Disabled	4.0%	6.0%
Dual Eligibles	-1.5%	0.5%
All Other	0.0%	2.0%

Estimated Savings from Existing MCO Capitation Programs

The MCO model’s current level of savings in each state has been estimated for each eligibility category and state based on the “out-year” percentage savings figures shown in Exhibit 8. This process results in estimated national Medicaid savings from the capitated MCO model of \$2.4 billion in 2011 (as shown in Exhibit 9). Because of the extensive growth in the use of the capitated model since 2011, and the substantial growth in the size of the overall Medicaid program since 2011, we estimate that the MCO model will yield a \$6.4 billion Medicaid savings in 2016, as derived in Exhibit 10.

State-specific estimates of the MCO model’s current savings to the Medicaid program in 2016 are shown in Exhibit 11. During 2016, the MCO model is projected to yield more than a \$500 million Medicaid savings in four states: New York (\$1.3 billion), California (\$675 million), Texas (\$549 million) and Pennsylvania (\$500 million).

Exhibit 9. Estimated Savings from Existing Medicaid MCO Capitation Programs, 2011

Eligibility Group	Capitated Expenditures	% of Expenditures Paid Via Capitation	Estimated Percent Savings From MCO Model	Estimated Dollar Savings, Existing Capitation Contracting
TANF & TANF-Related	\$61,598,522,450	52.5%	0.9%	\$641,565,780
Medicaid-Only Disabled	\$24,190,635,126	23.8%	6.0%	\$1,547,075,502
Dual Eligibles	\$19,569,071,578	14.5%	0.5%	\$105,210,062
All Other	\$3,569,180,870	28.5%	2.0%	\$71,180,245
Total	\$108,927,410,023	29.7%	2.1%	\$2,365,031,590

Exhibit 10. Estimated Savings from Existing Medicaid MCO Capitation Programs, 2016

Eligibility Group	Capitated Expenditures	% of Expenditures Paid Via Capitation	Estimated Percent Savings From MCO Model	Estimated Dollar Savings, Existing Capitation Contracting
TANF & TANF-Related	\$127,191,643,840	63.1%	0.9%	\$1,635,281,819
Medicaid-Only Disabled	\$69,463,539,180	50.9%	6.0%	\$4,442,435,645
Dual Eligibles	\$35,882,088,725	19.9%	0.5%	\$192,914,456
All Other	\$4,787,644,785	28.5%	2.0%	\$95,480,095
Total	\$237,324,916,530	44.3%	2.6%	\$6,366,112,015

Exhibit 11. Projected Savings of Existing MCO Capitation Programs, 2016

STATE	2016		
	Estimated Capitation Spending	% Savings	\$ Savings, Existing Capitation Programs
AK	\$0		\$0
AL	\$0		\$0
AR	\$0		\$0
AZ	\$12,292,718,140	2.0%	\$251,651,178
CA	\$22,249,647,356	3.0%	\$674,607,787
CO	\$829,161,747	2.2%	\$18,038,140
CT	\$0		\$0
DC	\$401,617,841	2.6%	\$10,326,608
DE	\$1,066,273,478	2.4%	\$25,923,864
FL	\$10,463,485,676	3.3%	\$348,486,971
GA	\$5,065,897,701	1.0%	\$48,510,135
HI	\$1,942,450,211	2.1%	\$40,534,734
IA	\$232,110,654	2.2%	\$5,129,104
ID	\$0		\$0
IL	\$5,690,835,689	2.4%	\$138,164,864
IN	\$3,198,486,995	1.8%	\$57,766,285
KS	\$1,709,507,879	4.1%	\$69,295,576
KY	\$7,135,315,768	3.1%	\$217,715,516
LA	\$2,155,444,165	3.7%	\$80,278,474
MA	\$6,711,995,457	2.5%	\$166,047,657
MD	\$4,521,460,297	2.7%	\$123,651,474
ME	\$0		\$0
MI	\$11,617,299,502	2.6%	\$298,910,653
MN	\$4,591,069,341	1.3%	\$58,462,234
MO	\$1,361,194,806	0.8%	\$10,310,038

STATE	2016		
	Estimated Capitation Spending	% Savings	\$ Savings, Existing Capitation Programs
MS	\$1,579,413,257	3.5%	\$55,417,209
MT	\$0		\$0
NC	\$0		\$0
ND	\$255,302,215	2.8%	\$7,273,825
NE	\$330,338,722	2.7%	\$8,950,831
NH	\$582,809,618	2.9%	\$16,846,891
NJ	\$8,104,581,240	3.3%	\$266,803,885
NM	\$3,197,028,339	2.1%	\$68,701,332
NV	\$778,709,417	1.5%	\$11,755,476
NY	\$40,699,451,731	3.1%	\$1,250,212,644
OH	\$11,979,303,681	2.1%	\$254,871,619
OK	\$0		\$0
OR	\$5,369,406,978	2.5%	\$131,720,811
PA	\$14,771,223,510	3.4%	\$500,405,514
RI	\$1,084,739,966	1.7%	\$17,978,242
SC	\$3,447,358,449	3.1%	\$108,262,665
SD	\$0		\$0
TN	\$12,606,524,831	2.3%	\$284,788,479
TX	\$19,006,266,362	2.9%	\$548,964,169
UT	\$520,748,859	2.0%	\$10,463,321
VA	\$3,093,793,521	2.4%	\$74,268,654
VT	\$0		\$0
WA	\$2,407,946,255	1.2%	\$30,079,982
WI	\$3,311,512,040	1.8%	\$58,753,854
WV	\$962,484,838	1.6%	\$15,781,324
WY	\$0		\$0
US Total	\$237,324,916,530	2.7%	\$6,366,112,015

Potential Savings of Additional Use of MCO Capitation Contracting Model

The potential additional savings of the Medicaid MCO model involved applying the percentage savings figures derived above to each state’s impactable fee-for-service costs in each state and eligibility category from 2016 to 2025. Ten percent of each state’s Medicaid expenditures are estimated to be “unimpactable.” Therefore, impactable fee-for-service costs are all FFS costs beyond 10% of total state Medicaid expenditures.

In the initial year of MCO implementation (assumed to be 2016 in our projections) we estimate that the MCO percentage savings will be two percentage points below the figures shown in Exhibit 8, increasing by half a percentage point each year until 2020. The 2020 potential additional nationwide MCO savings to Medicaid are shown in Exhibit 12.

Exhibit 12. Estimated Additional Nationwide Medicaid Savings if Remaining FFS Costs Were Transitioned Into MCO Capitation, 2020

Eligibility Group	Estimated Impactable Fee-For-Service Expenditures	Estimated Additional Savings From Full Use of Capitation Contracting	Percent Savings on Impactable FFS Costs	Percent Distribution of Impactable FFS Costs
TANF & TANF-Related	\$68,425,890,221	\$867,222,609	0.9%	22.1%
Medicaid-Only Disabled	\$67,523,406,941	\$4,058,784,024	6.0%	21.8%
Dual Eligibles	\$160,255,685,750	\$856,982,277	0.5%	51.8%
All Other	\$13,099,391,164	\$256,133,347	2.0%	4.2%
Total	\$309,304,374,076	\$6,039,122,256	2.0%	100.0%

This savings opportunity is projected to be \$6.0 billion in 2020 if all impactable FFS costs were converted to the MCO capitation setting beginning in 2016. Roughly two-thirds of the total 2020 additional Medicaid savings opportunity (\$4.1 billion) involves serving the Medicaid-Only Disabled population through the MCO capitation model.

The 2020 projected savings represent a 2.0% Medicaid savings across all eligibility groups and all impactable FFS costs. This percentage savings is limited by the fact that over half (52%) of remaining Medicaid impactable FFS costs are for dual eligibles, where the percentage savings from the MCO model (specific to Medicaid funds) is modest due to a limited ability for MCOs to influence acute care costs where Medicare is the primary payer.

Exhibit 13 presents the projected savings in each state for the ten-year period 2016-2025 for transitioning all impactable FFS Medicaid expenditures into capitated MCOs beginning in 2016. Nationwide, a ten year savings of \$50.1 billion is projected. Exhibit 14 also conveys the Federal and State share of savings in each state across the 10 year timeframe. Of the \$50 billion in projected ten-year savings, \$29 billion (58%) would be Federal savings with the remaining \$21 billion accruing to the various state governments.

Exhibit 13. Estimated Ten Year State-Specific Medicaid Savings if Remaining Impactable FFS Costs Were Transitioned Into MCO Capitation, 2016-2025

State	Ten Year Savings, 2016-2025 (\$ Millions), Converting Impactable FFS Costs to MCOs in 2016			
	Total	Federal Match	Federal Share	State Share
AK	\$381	50.00%	\$191	\$191
AL	\$1,202	69.87%	\$840	\$362
AR	\$1,194	70.00%	\$835	\$358
AZ	\$230	68.92%	\$158	\$71
CA	\$6,730	50.00%	\$3,365	\$3,365
CO	\$1,090	50.72%	\$553	\$537
CT	\$1,396	50.00%	\$698	\$698
DC	\$823	70.00%	\$576	\$247
DE	\$185	54.83%	\$101	\$84
FL	\$509	60.67%	\$309	\$200
GA	\$1,988	67.55%	\$1,343	\$645
HI	\$39	53.98%	\$21	\$18
IA	\$894	54.91%	\$491	\$403
ID	\$419	71.24%	\$299	\$121
IL	\$2,147	50.89%	\$1,092	\$1,054
IN	\$1,622	66.60%	\$1,080	\$542
KS	(\$36)	55.96%	(\$20)	(\$16)
KY	\$17	70.32%	\$12	\$5
LA	\$1,007	62.21%	\$626	\$380
MA	\$1,781	50.00%	\$891	\$891
MD	\$1,368	50.00%	\$684	\$684
ME	\$433	62.67%	\$271	\$161
MI	\$966	65.60%	\$633	\$332
MN	\$1,768	50.00%	\$884	\$884
MO	\$1,912	63.28%	\$1,210	\$702

State	Ten Year Savings, 2016-2025 (\$ Millions), Converting Impactable FFS Costs to MCOs in 2016			
	Total	Federal Match	Federal Share	State Share
MS	\$492	74.17%	\$365	\$127
MT	\$321	65.24%	\$209	\$112
NC	\$3,160	66.24%	\$2,093	\$1,067
ND	\$127	50.00%	\$64	\$64
NE	\$340	51.16%	\$174	\$166
NH	\$35	50.00%	\$17	\$17
NJ	(\$21)	50.00%	(\$11)	(\$11)
NM	\$176	70.37%	\$124	\$52
NV	\$498	64.93%	\$323	\$175
NY	\$1,337	50.00%	\$669	\$669
OH	\$3,055	62.47%	\$1,908	\$1,146
OK	\$1,045	60.99%	\$637	\$408
OR	\$428	64.38%	\$276	\$152
PA	\$1,780	52.01%	\$926	\$854
RI	\$278	50.42%	\$140	\$138
SC	\$187	71.08%	\$133	\$54
SD	\$214	51.61%	\$110	\$103
TN	\$295	65.05%	\$192	\$103
TX	\$603	57.13%	\$345	\$259
UT	\$440	70.24%	\$309	\$131
VA	\$1,065	50.00%	\$532	\$532
VT	\$296	53.90%	\$159	\$136
WA	\$1,824	50.00%	\$912	\$912
WI	\$923	58.23%	\$537	\$385
WV	\$990	71.42%	\$707	\$283
WY	\$140	50.00%	\$70	\$70
US Total	\$50,091	58.0%	\$29,066	\$21,025

APPENDIX A – 2011 BASELINE DATA

2011 BASELINE DATA -- ALL ELIGIBILITY CATEGORIES						
STATE	Total	Capitation	Fee-For-Service	% Capitated	Average Persons	PMPM
AK	\$1,309,106,730	\$0	\$1,309,106,730	0%	118,408	\$921
AL	\$4,182,417,150	\$0	\$4,182,417,150	0%	908,155	\$384
AR	\$3,645,651,965	\$0	\$3,645,651,965	0%	669,167	\$454
AZ	\$9,439,442,827	\$8,005,711,436	\$1,433,731,391	85%	1,081,704	\$727
CA	\$37,564,517,209	\$8,765,646,981	\$28,798,870,228	23%	9,188,921	\$341
CO	\$3,478,641,324	\$515,823,182	\$2,962,818,142	15%	597,510	\$485
CT	\$5,838,744,578	\$1,650,262,318	\$4,188,482,260	28%	661,033	\$736
DC	\$2,127,520,125	\$617,443,306	\$1,510,076,819	29%	205,712	\$862
DE	\$1,473,532,024	\$720,469,934	\$753,062,090	49%	198,508	\$619
FL	\$17,257,937,544	\$4,289,731,786	\$12,968,205,758	25%	3,043,066	\$473
GA	\$8,375,494,085	\$3,776,617,935	\$4,598,876,150	45%	1,504,201	\$464
HI	\$1,466,032,916	\$1,218,053,673	\$247,979,243	83%	263,471	\$464
IA	\$3,280,393,456	\$161,460,183	\$3,118,933,273	5%	490,499	\$557
ID	\$1,297,091,286	\$0	\$1,297,091,286	0%	196,377	\$550
IL	\$11,879,795,201	\$300,789,155	\$11,579,006,046	3%	2,668,304	\$371
IN	\$5,764,366,820	\$1,135,092,815	\$4,629,274,005	20%	1,027,152	\$468
KS	\$2,409,764,949	\$602,175,035	\$1,807,589,914	25%	309,236	\$649
KY	\$5,637,520,406	\$863,562,737	\$4,773,957,669	15%	809,202	\$581
LA	\$5,506,230,935	\$9,534,093	\$5,496,696,842	0%	1,194,155	\$384
MA	\$11,327,842,671	\$4,456,665,710	\$6,871,176,961	39%	1,053,460	\$896
MD	\$7,185,169,683	\$2,775,974,634	\$4,409,195,049	39%	968,704	\$618
ME	\$1,541,474,328	\$0	\$1,541,474,328	0%	341,267	\$376
MI	\$11,886,298,827	\$6,628,714,368	\$5,257,584,459	56%	1,950,731	\$508
MN	\$7,945,319,519	\$3,012,321,917	\$4,932,997,602	38%	820,171	\$807
MO	\$6,292,243,857	\$1,014,768,363	\$5,277,475,494	16%	980,352	\$535
MS	\$3,619,736,764	\$0	\$3,619,736,764	0%	649,136	\$465
MT	\$797,423,080	\$0	\$797,423,080	0%	113,246	\$587
NC	\$9,616,175,395	\$0	\$9,616,175,395	0%	1,604,879	\$499
ND	\$734,794,416	\$14,456,451	\$720,337,965	2%	66,859	\$916
NE	\$1,611,972,721	\$246,266,943	\$1,365,705,778	15%	242,463	\$554
NH	\$1,032,118,323	\$0	\$1,032,118,323	0%	138,238	\$622
NJ	\$8,889,775,062	\$2,800,406,472	\$6,089,368,590	32%	1,108,017	\$669
NM	\$2,579,463,671	\$1,591,977,206	\$987,486,465	62%	557,138	\$386
NV	\$1,396,218,962	\$302,151,508	\$1,094,067,454	22%	289,844	\$401
NY	\$51,201,811,770	\$13,733,105,747	\$37,468,706,023	27%	4,876,619	\$875
OH	\$15,821,831,930	\$5,136,499,141	\$10,685,332,789	32%	2,144,635	\$615
OK	\$3,898,386,366	\$0	\$3,898,386,366	0%	727,966	\$446
OR	\$3,581,444,211	\$2,081,074,501	\$1,500,369,710	58%	584,044	\$511
PA	\$17,699,701,055	\$9,227,599,068	\$8,472,101,987	52%	2,127,541	\$693
RI	\$1,605,858,858	\$476,356,247	\$1,129,502,611	30%	202,774	\$660
SC	\$5,151,476,826	\$1,423,426,328	\$3,728,050,498	28%	861,985	\$498
SD	\$767,252,564	\$0	\$767,252,564	0%	117,309	\$545
TN	\$11,209,105,200	\$9,398,142,361	\$1,810,962,839	84%	1,340,086	\$697
TX	\$22,420,883,825	\$5,332,288,081	\$17,088,595,744	24%	3,967,928	\$471
UT	\$2,095,127,288	\$388,217,369	\$1,706,909,919	19%	247,256	\$706
VA	\$5,969,694,529	\$1,852,270,835	\$4,117,423,694	31%	909,964	\$547
VT	\$1,050,059,666	\$0	\$1,050,059,666	0%	165,004	\$530
WA	\$6,268,010,934	\$1,498,417,048	\$4,769,593,886	24%	1,143,866	\$457
WI	\$5,741,906,269	\$2,468,726,473	\$3,273,179,796	43%	1,115,088	\$429
WV	\$2,927,644,787	\$343,415,134	\$2,584,229,653	12%	354,160	\$689
WY	\$576,626,154	\$0	\$576,626,154	0%	68,876	\$698
USA Total	\$366,377,051,041	\$108,835,616,474	\$257,541,434,567	30%	56,974,386	\$536

2011 BASELINE DATA -- TANF & RELATED						
STATE	Total	Capitation	Fee-For-Service	% Capitated	Average Persons	PMPM
AK	\$537,970,696	\$0	\$537,970,696	0%	90,037	\$498
AL	\$1,238,258,734	\$0	\$1,238,258,734	0%	591,148	\$175
AR	\$1,077,632,313	\$0	\$1,077,632,313	0%	462,935	\$194
AZ	\$3,514,294,850	\$2,958,092,402	\$556,202,448	84%	845,208	\$346
CA	\$11,160,739,089	\$4,822,728,824	\$6,338,010,265	43%	7,171,975	\$130
CO	\$1,001,485,389	\$153,996,943	\$847,488,446	15%	438,162	\$190
CT	\$2,200,349,757	\$1,650,262,318	\$550,087,439	75%	488,704	\$375
DC	\$598,874,431	\$473,363,767	\$125,510,664	79%	148,296	\$337
DE	\$776,768,463	\$568,874,622	\$207,893,841	73%	158,584	\$408
FL	\$3,952,037,262	\$1,845,049,654	\$2,106,987,608	47%	1,791,159	\$184
GA	\$3,536,110,141	\$3,157,935,161	\$378,174,980	89%	1,033,714	\$285
HI	\$625,589,275	\$526,185,238	\$99,404,037	84%	209,174	\$249
IA	\$837,810,212	\$68,361,083	\$769,449,129	8%	358,489	\$195
ID	\$363,903,883	\$0	\$363,903,883	0%	142,250	\$213
IL	\$3,977,946,393	\$233,624,949	\$3,744,321,444	6%	2,101,059	\$158
IN	\$1,817,263,508	\$1,066,113,884	\$751,149,624	59%	761,033	\$199
KS	\$571,853,582	\$422,194,252	\$149,659,330	74%	195,753	\$243
KY	\$1,883,596,347	\$449,075,923	\$1,434,520,424	24%	490,315	\$320
LA	\$1,686,620,160	\$38,343	\$1,686,581,817	0%	849,363	\$165
MA	\$3,458,932,438	\$2,403,783,805	\$1,055,148,633	69%	661,161	\$436
MD	\$2,674,516,675	\$1,866,458,610	\$808,058,065	70%	744,187	\$299
ME	\$394,833,882	\$0	\$394,833,882	0%	202,620	\$162
MI	\$3,869,170,151	\$3,057,927,920	\$811,242,231	79%	1,467,924	\$220
MN	\$2,665,475,383	\$2,132,647,997	\$532,827,386	80%	611,549	\$363
MO	\$1,902,878,721	\$935,048,048	\$967,830,673	49%	686,283	\$231
MS	\$1,156,489,735	\$0	\$1,156,489,735	0%	408,202	\$236
MT	\$264,221,488	\$0	\$264,221,488	0%	76,390	\$288
NC	\$3,265,523,443	\$0	\$3,265,523,443	0%	1,116,358	\$244
ND	\$170,854,597	\$3,156,343	\$167,698,254	2%	43,279	\$329
NE	\$474,485,207	\$154,772,816	\$319,712,391	33%	173,569	\$228
NH	\$308,371,632	\$0	\$308,371,632	0%	95,130	\$270
NJ	\$2,360,518,389	\$1,848,459,364	\$512,059,025	78%	775,949	\$254
NM	\$1,454,258,693	\$1,214,374,408	\$239,884,285	84%	447,485	\$271
NV	\$487,369,151	\$298,556,357	\$188,812,794	61%	215,187	\$189
NY	\$14,616,697,563	\$7,591,764,583	\$7,024,932,980	52%	3,581,151	\$340
OH	\$5,147,415,528	\$3,637,348,548	\$1,510,066,980	71%	1,595,353	\$269
OK	\$1,513,354,988	\$0	\$1,513,354,988	0%	550,627	\$229
OR	\$1,493,094,437	\$1,234,072,610	\$259,021,827	83%	401,569	\$310
PA	\$4,451,843,010	\$3,786,499,897	\$665,343,113	85%	1,205,801	\$308
RI	\$457,977,878	\$388,195,555	\$69,782,323	85%	132,941	\$287
SC	\$1,687,340,201	\$904,993,802	\$782,346,399	54%	623,532	\$226
SD	\$246,536,915	\$0	\$246,536,915	0%	84,866	\$242
TN	\$5,087,170,213	\$4,517,544,194	\$569,626,019	89%	942,721	\$450
TX	\$8,830,464,835	\$3,455,016,297	\$5,375,448,538	39%	2,829,693	\$260
UT	\$563,609,134	\$77,623,179	\$485,985,955	14%	188,623	\$249
VA	\$1,976,155,535	\$1,112,752,624	\$863,402,911	56%	624,670	\$264
VT	\$420,063,061	\$0	\$420,063,061	0%	119,374	\$293
WA	\$2,152,688,095	\$1,339,946,381	\$812,741,714	62%	848,207	\$211
WI	\$1,729,724,705	\$931,982,519	\$797,742,186	54%	807,948	\$178
WV	\$590,727,673	\$309,699,230	\$281,028,443	52%	193,395	\$255
WY	\$171,939,615	\$0	\$171,939,615	0%	50,669	\$283
USA Total	\$117,403,807,457	\$61,598,522,450	\$55,805,285,007	52%	40,833,767	\$240

2011 BASELINE DATA -- MEDICAID-ONLY DISABLED						
STATE	Total	Capitation	Fee-For-Service	% Capitated	Average Persons	PMPM
AK	\$353,045,664	\$0	\$353,045,664	0%	9,552	\$3,080
AL	\$1,218,762,912	\$0	\$1,218,762,912	0%	113,364	\$896
AR	\$1,134,856,271	\$0	\$1,134,856,271	0%	81,070	\$1,167
AZ	\$1,875,808,489	\$1,511,012,217	\$364,796,272	81%	80,390	\$1,944
CA	\$11,595,791,634	\$1,405,006,946	\$10,190,784,688	12%	627,869	\$1,539
CO	\$1,008,366,213	\$124,039,729	\$884,326,484	12%	54,971	\$1,529
CT	\$857,448,421	\$0	\$857,448,421	0%	27,882	\$2,563
DC	\$844,041,302	\$115,616,787	\$728,424,515	14%	29,275	\$2,403
DE	\$317,154,431	\$131,386,132	\$185,768,299	41%	12,967	\$2,038
FL	\$4,061,915,459	\$1,404,203,252	\$2,657,712,207	35%	316,134	\$1,071
GA	\$2,156,114,553	\$34,749,250	\$2,121,365,303	2%	169,205	\$1,062
HI	\$291,284,384	\$223,398,976	\$67,885,408	77%	15,458	\$1,570
IA	\$867,651,946	\$39,545,554	\$828,106,392	5%	36,819	\$1,964
ID	\$425,824,095	\$0	\$425,824,095	0%	18,761	\$1,891
IL	\$2,958,898,564	\$52,544,031	\$2,906,354,533	2%	165,194	\$1,493
IN	\$1,565,089,381	\$60,284,145	\$1,504,805,236	4%	84,546	\$1,543
KS	\$722,498,186	\$93,119,910	\$629,378,275	13%	37,317	\$1,613
KY	\$1,829,483,796	\$216,540,241	\$1,612,943,555	12%	130,966	\$1,164
LA	\$1,957,211,667	\$488,710	\$1,956,722,957	0%	134,178	\$1,216
MA	\$3,032,734,164	\$1,205,090,441	\$1,827,643,723	40%	163,818	\$1,543
MD	\$2,320,358,510	\$844,230,585	\$1,476,127,925	36%	90,005	\$2,148
ME	\$426,100,413	\$0	\$426,100,413	0%	38,778	\$916
MI	\$3,582,004,647	\$2,394,575,325	\$1,187,429,322	67%	201,869	\$1,479
MN	\$1,911,551,542	\$85,839,867	\$1,825,711,675	4%	62,937	\$2,531
MO	\$1,972,408,123	\$13,985,100	\$1,958,423,023	1%	100,774	\$1,631
MS	\$1,108,636,965	\$0	\$1,108,636,965	0%	87,282	\$1,058
MT	\$206,073,379	\$0	\$206,073,379	0%	11,065	\$1,552
NC	\$3,140,757,720	\$0	\$3,140,757,720	0%	163,437	\$1,601
ND	\$137,341,998	\$276,014	\$137,065,984	0%	4,414	\$2,593
NE	\$403,036,499	\$72,845,555	\$330,190,944	18%	16,880	\$1,990
NH	\$211,442,162	\$0	\$211,442,162	0%	10,550	\$1,670
NJ	\$2,376,713,222	\$687,755,786	\$1,688,957,436	29%	101,295	\$1,955
NM	\$514,641,562	\$305,959,919	\$208,681,643	59%	38,026	\$1,128
NV	\$461,047,375	\$1,860,669	\$459,186,706	0%	24,152	\$1,591
NY	\$12,377,547,550	\$1,911,763,517	\$10,465,784,033	15%	421,156	\$2,449
OH	\$4,362,135,248	\$1,271,379,296	\$3,090,755,952	29%	187,168	\$1,942
OK	\$1,031,087,842	\$0	\$1,031,087,842	0%	58,759	\$1,462
OR	\$922,145,433	\$500,710,058	\$421,435,375	54%	50,272	\$1,529
PA	\$6,757,704,441	\$4,555,709,275	\$2,201,995,166	67%	392,243	\$1,436
RI	\$353,526,021	\$59,415,680	\$294,110,341	17%	23,523	\$1,252
SC	\$1,273,842,869	\$352,961,180	\$920,881,689	28%	80,677	\$1,316
SD	\$204,080,785	\$0	\$204,080,785	0%	9,144	\$1,860
TN	\$2,979,920,194	\$2,378,015,097	\$601,905,097	80%	127,857	\$1,942
TX	\$6,845,442,976	\$930,999,897	\$5,914,443,079	14%	392,207	\$1,454
UT	\$511,868,253	\$95,933,676	\$415,934,576	19%	20,641	\$2,067
VA	\$1,822,160,055	\$647,718,127	\$1,174,441,928	36%	90,977	\$1,669
VT	\$233,533,557	\$0	\$233,533,557	0%	10,088	\$1,929
WA	\$1,872,952,629	\$69,639,914	\$1,803,312,715	4%	112,549	\$1,387
WI	\$1,279,057,778	\$389,570,334	\$889,487,444	30%	84,336	\$1,264
WV	\$952,188,168	\$2,463,933	\$949,724,235	0%	70,073	\$1,132
WY	\$133,240,386	\$0	\$133,240,386	0%	5,286	\$2,101
USA Total	\$101,758,529,833	\$24,190,635,126	\$77,567,894,707	24%	5,398,153	\$1,571

2011 BASELINE DATA -- DUAL ELIGIBLES						
STATE	Total	Capitation	Fee-For-Service	% Capitated	Average Persons	PMPM
AK	\$338,268,135	\$0	\$338,268,135	0%	13,869	\$2,033
AL	\$1,604,032,185	\$0	\$1,604,032,185	0%	192,646	\$694
AR	\$1,306,050,352	\$0	\$1,306,050,352	0%	115,528	\$942
AZ	\$3,890,837,864	\$3,420,596,099	\$470,241,765	88%	137,558	\$2,357
CA	\$13,486,163,951	\$2,398,623,128	\$11,087,540,823	18%	1,191,293	\$943
CO	\$1,289,962,493	\$194,095,197	\$1,095,867,296	15%	82,433	\$1,304
CT	\$2,652,061,976	\$0	\$2,652,061,976	0%	134,171	\$1,647
DC	\$607,466,928	\$18,072,864	\$589,394,064	3%	20,933	\$2,418
DE	\$342,702,457	\$8,169,172	\$334,533,285	2%	24,591	\$1,161
FL	\$8,335,228,922	\$590,313,099	\$7,744,915,823	7%	647,940	\$1,072
GA	\$2,072,251,578	\$156,651,577	\$1,915,600,001	8%	268,827	\$642
HI	\$511,963,232	\$440,958,808	\$71,004,424	86%	32,572	\$1,310
IA	\$1,480,039,538	\$37,062,458	\$1,442,977,080	3%	78,564	\$1,570
ID	\$457,873,382	\$0	\$457,873,382	0%	30,980	\$1,232
IL	\$4,505,954,150	\$880,407	\$4,505,073,743	0%	333,383	\$1,126
IN	\$2,242,770,759	\$7,540,485	\$2,235,230,274	0%	151,871	\$1,231
KS	\$970,195,009	\$51,627,807	\$918,567,202	5%	60,120	\$1,345
KY	\$1,695,954,752	\$178,048,555	\$1,517,906,197	10%	173,195	\$816
LA	\$1,705,899,688	\$8,998,598	\$1,696,901,090	1%	184,916	\$769
MA	\$4,051,175,736	\$522,290,159	\$3,528,885,577	13%	209,481	\$1,612
MD	\$1,923,829,035	\$30,842,888	\$1,892,986,147	2%	112,764	\$1,422
ME	\$700,392,712	\$0	\$700,392,712	0%	95,136	\$613
MI	\$4,201,923,319	\$1,098,927,868	\$3,102,995,451	26%	259,347	\$1,350
MN	\$3,177,035,555	\$725,986,301	\$2,451,049,254	23%	130,133	\$2,034
MO	\$2,064,549,996	\$19,675,173	\$2,044,874,823	1%	159,519	\$1,079
MS	\$1,268,521,622	\$0	\$1,268,521,622	0%	147,646	\$716
MT	\$288,848,708	\$0	\$288,848,708	0%	21,868	\$1,101
NC	\$3,004,057,107	\$0	\$3,004,057,107	0%	305,269	\$820
ND	\$388,749,648	\$2,743,820	\$386,005,828	1%	14,033	\$2,309
NE	\$620,708,699	\$4,200,016	\$616,508,683	1%	38,859	\$1,331
NH	\$468,447,473	\$0	\$468,447,473	0%	29,334	\$1,331
NJ	\$3,810,440,102	\$168,381,681	\$3,642,058,421	4%	197,662	\$1,606
NM	\$549,318,272	\$24,340,657	\$524,977,615	4%	65,974	\$694
NV	\$333,765,154	\$1,070,186	\$332,694,968	0%	42,282	\$658
NY	\$23,073,988,387	\$4,031,407,088	\$19,042,581,299	17%	765,024	\$2,513
OH	\$5,876,153,069	\$153,617,890	\$5,722,535,179	3%	320,535	\$1,528
OK	\$1,191,531,605	\$0	\$1,191,531,605	0%	105,745	\$939
OR	\$900,817,104	\$140,226,894	\$760,590,210	16%	96,628	\$777
PA	\$5,802,214,912	\$407,632,996	\$5,394,581,916	7%	397,288	\$1,217
RI	\$729,163,332	\$7,254,856	\$721,908,476	1%	38,105	\$1,595
SC	\$2,100,518,821	\$155,987,920	\$1,944,530,901	7%	144,498	\$1,211
SD	\$270,748,155	\$0	\$270,748,155	0%	19,285	\$1,170
TN	\$3,011,323,559	\$2,403,546,686	\$607,776,873	80%	248,713	\$1,009
TX	\$5,951,869,642	\$625,423,413	\$5,326,446,229	11%	641,061	\$774
UT	\$924,383,090	\$208,466,625	\$715,916,465	23%	29,211	\$2,637
VA	\$1,916,421,480	\$24,958,510	\$1,891,462,970	1%	169,507	\$942
VT	\$343,304,078	\$0	\$343,304,078	0%	32,841	\$871
WA	\$2,102,052,602	\$68,500,348	\$2,033,552,254	3%	159,551	\$1,098
WI	\$2,619,963,505	\$1,122,725,054	\$1,497,238,451	43%	203,740	\$1,072
WV	\$1,261,369,183	\$17,432,745	\$1,243,936,438	1%	76,790	\$1,369
WY	\$247,170,705	\$0	\$247,170,705	0%	9,919	\$2,077
USA Total	134,670,433,719	19,569,071,578	\$115,101,362,142	15%	9,163,135	\$1,225

2011 BASELINE DATA -- ALL OTHER						
STATE	Total	Capitation	Fee-For-Service	% Capitated	Average Persons	PMPM
AK	\$79,822,235	\$0	\$79,822,235	0%	4,951	\$1,344
AL	\$121,363,319	\$0	\$121,363,319	0%	10,998	\$920
AR	\$127,113,029	\$0	\$127,113,029	0%	9,634	\$1,100
AZ	\$158,501,624	\$116,010,718	\$42,490,906	73%	18,547	\$712
CA	\$1,321,822,535	\$139,288,083	\$1,182,534,452	11%	197,785	\$557
CO	\$178,827,229	\$43,691,313	\$135,135,916	24%	21,945	\$679
CT	\$128,884,424	\$0	\$128,884,424	0%	10,275	\$1,045
DC	\$77,137,464	\$10,389,888	\$66,747,576	13%	7,208	\$892
DE	\$36,906,673	\$12,040,008	\$24,866,665	33%	2,366	\$1,300
FL	\$908,755,901	\$450,165,781	\$458,590,120	50%	287,832	\$263
GA	\$611,017,813	\$427,281,947	\$183,735,866	70%	32,455	\$1,569
HI	\$37,196,025	\$27,510,651	\$9,685,374	74%	6,267	\$495
IA	\$94,891,760	\$16,491,088	\$78,400,672	17%	16,627	\$476
ID	\$49,489,925	\$0	\$49,489,925	0%	4,386	\$940
IL	\$436,996,094	\$13,739,768	\$423,256,326	3%	68,668	\$530
IN	\$139,243,172	\$1,154,301	\$138,088,871	1%	29,702	\$391
KS	\$145,218,172	\$35,233,065	\$109,985,107	24%	16,047	\$754
KY	\$228,485,511	\$19,898,018	\$208,587,493	9%	14,726	\$1,293
LA	\$156,499,420	\$8,442	\$156,490,978	0%	25,698	\$507
MA	\$785,000,333	\$325,501,305	\$459,499,028	41%	19,001	\$3,443
MD	\$266,465,463	\$34,442,551	\$232,022,912	13%	21,747	\$1,021
ME	\$20,147,321	\$0	\$20,147,321	0%	4,733	\$355
MI	\$233,200,710	\$77,283,255	\$155,917,455	33%	21,591	\$900
MN	\$191,257,039	\$67,847,752	\$123,409,287	35%	15,553	\$1,025
MO	\$352,407,017	\$46,060,042	\$306,346,975	13%	33,777	\$869
MS	\$86,088,442	\$0	\$86,088,442	0%	6,006	\$1,194
MT	\$38,279,505	\$0	\$38,279,505	0%	3,923	\$813
NC	\$205,837,125	\$0	\$205,837,125	0%	19,816	\$866
ND	\$37,848,173	\$8,280,274	\$29,567,899	22%	5,132	\$615
NE	\$113,742,316	\$14,448,556	\$99,293,760	13%	13,155	\$721
NH	\$43,857,056	\$0	\$43,857,056	0%	3,224	\$1,134
NJ	\$342,103,349	\$95,809,641	\$246,293,708	28%	33,112	\$861
NM	\$61,245,144	\$47,302,222	\$13,942,922	77%	5,654	\$903
NV	\$114,037,282	\$664,296	\$113,372,986	1%	8,223	\$1,156
NY	\$1,133,578,270	\$198,170,559	\$935,407,711	17%	109,288	\$864
OH	\$436,128,085	\$74,153,407	\$361,974,678	17%	41,580	\$874
OK	\$162,411,930	\$0	\$162,411,930	0%	12,835	\$1,054
OR	\$265,387,237	\$206,064,939	\$59,322,298	78%	35,576	\$622
PA	\$687,938,692	\$477,756,900	\$210,181,792	69%	132,210	\$434
RI	\$65,191,627	\$21,490,156	\$43,701,471	33%	8,205	\$662
SC	\$89,774,935	\$9,483,426	\$80,291,509	11%	13,278	\$563
SD	\$45,886,709	\$0	\$45,886,709	0%	4,014	\$953
TN	\$130,691,234	\$99,036,384	\$31,654,850	76%	20,794	\$524
TX	\$793,106,372	\$320,848,474	\$472,257,898	40%	104,967	\$630
UT	\$95,266,811	\$6,193,889	\$89,072,922	7%	8,782	\$904
VA	\$254,957,459	\$66,841,574	\$188,115,885	26%	24,810	\$856
VT	\$53,158,970	\$0	\$53,158,970	0%	2,702	\$1,640
WA	\$140,317,608	\$20,330,405	\$119,987,203	14%	23,559	\$496
WI	\$113,160,281	\$24,448,566	\$88,711,715	22%	19,064	\$495
WV	\$123,359,763	\$13,819,226	\$109,540,537	11%	13,903	\$739
WY	\$24,275,448	\$0	\$24,275,448	0%	3,003	\$674
USA Total	\$12,544,280,032	\$3,569,180,870	\$8,975,099,162	28%	1,579,331	\$662