



Mr. R. Jason Wiley  
September 11, 2008

EXHIBIT A: PGAMC REVENUE ADJUSTMENT

Step 1> Analyze Plan Revenue First Half 2008

Revenues (000s)	Total	Blue Plus	First Plan	HP	IMCare	Medica	MHP	Primevest	SCHA	UCare
PMAP	\$ 642,938	\$ 118,821	\$ 11,568	\$	\$	\$	\$	\$	\$	\$
PGAMC	\$ 92,853	\$ 10,854	\$ 2,397	\$	\$	\$	\$	\$	\$	\$
2008 PGAMC Adjustment Factor Applied	0.998	0.941	1.017							
PGAMC, 2008 Revenue Adjustment Reversed	\$ 93,016	\$ 11,535	\$ 2,357	\$	\$	\$	\$	\$	\$	\$
Normalized PGAMC (Rev Adj Reversed)	\$ 92,853	\$ 11,514	\$ 2,353	\$	\$	\$	\$	\$	\$	\$
Combined Programs Total (after adjustments)	\$ 735,791	\$ 130,335	\$ 13,921	\$	\$	\$	\$	\$	\$	\$
PGAMC as % of PMAP	14.4%	9.7%	20.3%							

Step 2> Restate each plan's experience, assuming an equal concentration of PGAMC business

Revenues (000s)	Total	Blue Plus	First Plan	IM	MC	Prif	UI
PMAP	\$ 642,938	\$ 118,821	\$ 11,568	\$	\$	\$	\$
PGAMC	\$ 92,853	\$ 17,160	\$ 1,571	\$	\$	\$	\$
Combined Programs Total	\$ 735,791	\$ 135,981	\$ 13,239	\$	\$	\$	\$
PGAMC as % of PMAP	14.4%	14.4%	14.4%				

Step 3> Calculate an adjustment to each plan's PGAMC revenue to level the playing field

Revenues (000s)	Total	Blue Plus	First Plan	IM	MC	Prif	UI
Additional Revenue (000s)	\$ 0	\$ 5,046	\$ (892)	\$	\$	\$	\$
PGAMC Loss Ratio	114.7%	114.7%	114.7%				
Additional Claims (000s)	\$ 0	\$ 6,478	\$ (783)	\$	\$	\$	\$
Net Impact = Revenue Adj (000s)	\$ (0)	\$ (832)	\$ 101	\$	\$	\$	\$
Adjusted PGAMC Revenue (000s)	\$ 92,853	\$ 10,682	\$ 2,454	\$	\$	\$	\$
Percent Change in PGAMC Revenue	0.0%	-7.2%	4.3%				

DRAFT -- FOR DISCUSSION PURPOSES ONLY. This draft is intended for discussion purposes only. It should not be distributed to any third party, or published in whole or in part in any form, without prior written consent.

This material assumes that the reader is familiar with MN Medicaid programs, their eligibility rules, rating approaches and other factors. The material was prepared solely to provide assistance to DHS to set capitation rates. It may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. This material should only be reviewed in its entirety.