



Office of Health Services  
Medical Care Programs

Maryland Department of Health and Mental Hygiene  
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – John M. Colmers, Secretary

**MARYLAND MEDICAL ASSISTANCE PROGRAM**  
**Managed Care Organization Transmittal No. 76**  
**October 30, 2009**

**TO:** Managed Care Organizations

**FROM:** Susan J. Tucker, Executive Director  
Office of Health Services

**NOTE:** Please ensure that the appropriate staff members in your organization are informed of the contents of this transmittal.

**RE:** Proposed Amendments to HealthChoice and PAC Regulations

**WRITTEN COMMENTS TO:**

Michelle Phinney  
201 W. Preston St., Rm. 538  
Baltimore, MD 21201  
Fax (410) 767-6483 or call  
(410) 767-6499 or  
1-877-4MD-DHMH extension 6483

**PROGRAM CONTACT:**

Patti McQuade, Chief  
Division of HealthChoice Management and  
Quality Assurance  
(410) 767-1482 or call  
1-877-4MD-DHMH extension 1482

**COMMENT PERIOD EXPIRES: November 23, 2009**

The Maryland Medical Assistance Program is promulgating emergency and proposed amendments to COMAR 10.09.65 Maryland Medicaid Managed Care Program: Managed Care Organizations, and COMAR 10.09.76 Primary Adult Care Program

These amendments will:

Implement the mid-year adjustment to the calendar year 2009 HealthChoice and PAC MCO capitation rates.

Questions regarding these amendments should be directed to the Division of HealthChoice Management and Quality Assurance at (410) 767-1482.

Attachment



## Subtitle 09 MEDICAL CARE PROGRAMS

### Notice of Proposed Action

[09-338-P]

The Secretary of Health and Mental Hygiene proposes to amend:

(1) Regulation .19 under COMAR 10.09.65 Maryland Medicaid Managed Care Program: Managed Care Organizations; and

(2) Regulation .14 under COMAR 10.09.76 Primary Adult Care. .

### Statement of Purpose

The purpose of this action is to implement the mid-year adjustment to the calendar year 2009 MCO's HealthChoice and PAC capitation rates.

### Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

### Estimate of Economic Impact

**I. Summary of Economic Impact.** The total HealthChoice and Primary Adult Care capitation decrease for the period of July 1, 2009, until December 31, 2009, is \$63,201,123. Of that amount, \$60,855,840 is being removed from the HealthChoice capitation as a result of a Health Services Cost Review Commission (HSCRC) regulated decrease in hospital inpatient and outpatient rates, a decrease in physician fees across various categories of medical services, removal of funding for the July 1, 2009 dental carve out, and the 1 percent rate decrease approved by the Board of Public Works (BPW). The remaining \$2,345,283 is being removed from the PAC capitation as a result of a 1 percent rate cut approved by the (BPW) effective April 1, 2009, a 4.1 percent rate cut approved by the BPW effective July 1, 2009, and the July 1, 2009 carve out of certain mental health drugs.

II. Types of Economic Impact.	Revenue (R+/R-)	Magnitude
	Expenditure (E+/E-)	
A. On issuing agency:	(E-)	\$63,201,123
B. On other State agencies:	NONE	
C. On local governments:	NONE	
	Benefit (+)	Magnitude
	Cost (-)	

- D. On regulated industries or trade groups: (-) \$63,201,123
- E. On other industries or trade groups: NONE
- F. Direct and indirect effects on public: NONE

**III. Assumptions.** (Identified by Impact Letter and Number from Section II.)

A. The rate decrease of \$63,201,123 is due to the HSCRC approved and updated rates for inpatient and outpatient hospital services, a reduction in physician fees, the dental fee carve out, and Board of Public Works fee cut. Also included is a PAC capitation rate decrease of \$2,345,283 for PAC rate adjustment, Board of Public Works fee cuts in April and July of 2009, and the Mental Health Pharmacy carve out. Therefore, the total Health Choice and PAC decrease effective July 1, 2009, is \$63,201,123.

D. There will be a negative impact on the MCOs because of the various cuts in the Health Choice Program.

**Economic Impact on Small Businesses**

The proposed action has minimal or no economic impact on small businesses.

**Impact on Individuals with Disabilities**

The proposed action has no impact on individuals with disabilities.

**Opportunity for Public Comment**

Comments may be sent to Michele A. Phinney, Director, Office of Regulation and Policy Coordination, Department of Health and Mental Hygiene, 201 West Preston Street, Room 512, Baltimore, MD 21201, or call 410-767-6499, or email to [regs@dhmh.state.md.us](mailto:regs@dhmh.state.md.us), or fax to 410-333-7687. Comments will be accepted through November 23, 2009. A public hearing has not been scheduled.

**10.09.65 Maryland Medicaid Managed Care Program: Managed Care Organizations**

Authority: Health-General Article, §§2-104 and 15-103;  
Annotated Code of Maryland

**.19 MCO Reimbursement.**

A. (text unchanged)

B. Capitation Rate-Setting Methodology.

(1)—(3) (text unchanged)

(4) Except to the extent of adjustments required by §D of this regulation or by Regulations .19-1—.19-4 of this chapter, the Department shall make payments monthly at the rates specified in the following tables:

[(a)—(c)] (proposed for repeal)

(a) *Rate Table for Families and Children*

Effective July 1, 2009—December 31, 2009

	Age	Gender	PMPM Baltimore City	PMPM Montgomery and Prince George's Counties	Rest of State
	<i>Under age 1 Birth Weight 1500 grams or less</i>	<i>Both</i>	<i>\$7,655.69</i>	<i>\$6,614.06</i>	<i>\$6,749.04</i>
	<i>Under age 1 Birth Weight over 1500 grams</i>	<i>Both</i>	<i>\$384.93</i>	<i>\$332.56</i>	<i>\$339.35</i>
	<i>1—5</i>	<i>Male</i>	<i>\$180.77</i>	<i>\$156.17</i>	<i>\$159.36</i>
		<i>Female</i>	<i>\$159.75</i>	<i>\$138.01</i>	<i>\$140.83</i>
	<i>6—14</i>	<i>Male</i>	<i>\$87.81</i>	<i>\$75.86</i>	<i>\$77.41</i>
		<i>Female</i>	<i>\$77.55</i>	<i>\$66.99</i>	<i>\$68.36</i>
	<i>15—20</i>	<i>Male</i>	<i>\$131.46</i>	<i>\$113.57</i>	<i>\$115.89</i>
		<i>Female</i>	<i>\$171.60</i>	<i>\$148.25</i>	<i>\$151.28</i>
	<i>21—44</i>	<i>Male</i>	<i>\$374.64</i>	<i>\$323.67</i>	<i>\$330.28</i>
		<i>Female</i>	<i>\$385.41</i>	<i>\$332.97</i>	<i>\$339.77</i>
	<i>45—64</i>	<i>Male</i>	<i>\$958.85</i>	<i>\$828.39</i>	<i>\$845.30</i>
		<i>Female</i>	<i>\$777.54</i>	<i>\$671.75</i>	<i>\$685.46</i>
<i>ACG—adjusted cells</i>					
<i>ACG 100, 200, 300, 500, 600, 1100, 1600, 2000, 2400, 3400, 5100, 5110, 5200</i>	<i>RAC 1</i>	<i>Both</i>	<i>\$88.61</i>	<i>\$75.44</i>	<i>\$76.98</i>
<i>ACG 400, 700, 900, 1000, 1200, 1300, 1710, 1711, 1712, 1800, 1900, 2100, 2200, 2300, 2800, 2900, 3000, 3100, 5310</i>	<i>RAC 2</i>	<i>Both</i>	<i>\$115.15</i>	<i>\$ 98.04</i>	<i>\$ 100.04</i>

ACG 1720, 1721, 1722, 1731, 1732, 1730, 2500, 3200, 3300, 3500, 3800, 4210, 5230, 5339	RAC 3	Both	\$148.96	\$126.83	\$129.42
ACG 800, 1740, , 1741, 1742, 1750, 2700, 3600, 1750, 1751, 1752, 2700, 3600, 3700, 3900, 4000, 4100, 4220, 4310, 4410, 4510, 4610, 4710, 4720, 4810, 5340	RAC 4	Both	\$240.37	\$204.66	\$208.84
ACG 1400, 1500, 1750, 1761, 1762, 1770, 1771, 1772, 2600, 4320, 4520, 4620, 4820	RAC 5	Both	\$358.34	\$305.10	\$311.33
ACG 4330, 4420, 4830, 4910, 4920, 5010, 5020, 5040	RAC 6	Both	\$584.50	\$497.65	\$507.81
ACG 4430, 4730, 4930, 5030, 5050	RAC 7	Both	\$799.25	\$680.50	\$694.39
ACG 4940, 5060	RAC 8	Both	\$1,152.01	\$ 980.85	\$ 1,000.87
ACG 5070	RAC 9	Both	\$1,785.83	\$1,520.51	\$1,551.54
	SOBRA	Mothers	\$703.20	\$607.52	\$619.92
Persons with HIV	ALL	Both	\$752.41	\$737.36	\$752.41

(b) Rate Table for Disabled Individuals

Effective July 1, 2009—December 31, 2009

	Age	Gender	PMPM Baltimore City	PMPM Montgomery and Prince George's Counties	Rest of State
	Under Age 1	Both	\$3,114.32	\$3,052.03	\$3,114.32
	1—5	Male	\$1,004.07	\$ 983.99	\$1,004.07
		Female	\$1,130.91	\$1,108.29	\$1,130.91
	6—14	Male	\$195.27	\$191.36	\$195.27

		Female	\$175.71	\$172.20	\$175.71
	15—20	Male	\$214.35	\$210.06	\$214.35
		Female	\$302.96	\$296.90	\$302.96
	21—44	Male	\$1,226.14	\$1,059.31	\$1,080.93
	21—44	Female	\$1,229.61	\$1,062.31	\$1,083.99
	45—64	Male	\$1,691.17	\$1,461.07	\$1,490.89
	45—64	Female	\$1,595.55	\$1,378.46	\$1,406.59
<i>ACG—adjusted cells</i>					
<i>ACG 100, 200, 300, 1100, 1300, 1400, 1500, 1600, 1710, 1711, 1712, 1720, 1721, 1722, 1730, 1731, 1732, 1900, 2400, 2600, 2900, 3400, 5100, 5110, 5200, 5310</i>	<i>RAC 10</i>	<i>Both</i>	<i>\$262.47</i>	<i>\$223.48</i>	<i>\$228.04</i>
<i>ACG 400, 500, 700, 900, 1000, 1200, 1740, 1741, 1742, 1750, 1751, 1752, 1800, 2000, 2100, 2200, 2300, 2500, 2700, 2800, 3000, 3100, 3200, 3300, 3500, 3900, 4000, 4310, 5330</i>	<i>RAC 11</i>	<i>Both</i>	<i>\$365.65</i>	<i>\$311.32</i>	<i>\$317.67</i>
<i>ACG 600, 1760, 1761, 1762, 3600, 3700, 4100, 4320, 4410, 4710, 4810, 4820</i>	<i>RAC 12</i>	<i>Both</i>	<i>\$667.10</i>	<i>\$567.99</i>	<i>\$579.58</i>
<i>ACG 3800, 4210, 4220, 4330, 4420, 4720, 4910, 5320</i>	<i>RAC13</i>	<i>Both</i>	<i>\$715.70</i>	<i>\$609.36</i>	<i>\$621.80</i>
<i>ACG 800, 4430, 4510, 4610, 5040, 5340</i>	<i>RAC14</i>	<i>Both</i>	<i>\$1,001.65</i>	<i>\$852.84</i>	<i>\$870.24</i>
<i>ACG 1770, 1771, 1772, 4520, 4620, 4830, 4920, 5050</i>	<i>RAC15</i>	<i>Both</i>	<i>\$1,125.53</i>	<i>\$958.31</i>	<i>\$ 977.87</i>
<i>ACG 4730, 4930, 5010</i>	<i>RAC16</i>	<i>Both</i>	<i>\$1,373.63</i>	<i>\$1,169.54</i>	<i>\$1,193.41</i>
<i>ACG 4940, 5020, 5060</i>	<i>RAC17</i>	<i>Both</i>	<i>\$1,988.52</i>	<i>\$1,693.08</i>	<i>\$1,727.63</i>
<i>ACG 5030, 5070</i>	<i>RAC 18</i>	<i>Both</i>	<i>\$2,621.40</i>	<i>\$2,231.93</i>	<i>\$2,277.48</i>
<i>Persons with AIDS</i>	<i>All</i>	<i>Both</i>	<i>\$2,941.99</i>	<i>\$2,377.83</i>	<i>\$2,426.36</i>
<i>Persons with HIV</i>	<i>All</i>	<i>Both</i>	<i>\$1,623.13</i>	<i>\$1,590.67</i>	<i>\$1,623.13</i>

(c) Rate Table for Supplemental Payment for Delivery/Newborn.

**Effective July 1, 2009—December 31, 2009**

<i>Supplemental Payment Cells</i>	<i>Age/RAC</i>	<i>Gender</i>	<i>Baltimore City</i>	<i>Mont, PG Counties</i>	<i>Rest of State</i>
<i>Supplemental Payment Cells</i>					
<i>Delivery/Newborn— all births except live birth weight 1,500 grams or less</i>	<i>All</i>	<i>Both</i>	<i>\$12,704.75</i>	<i>\$10,140.10</i>	<i>\$10,347.04</i>
<i>Delivery/Newborn—live birth weight 1,500 grams or less</i>	<i>All</i>	<i>Both</i>	<i>\$78,644.16</i>	<i>\$69,339.51</i>	<i>\$70,754.60</i>

(d)—(g) (text unchanged)

(5) (text unchanged)

C.—D. (text unchanged)

### **10.09.76 Primary Adult Care Program**

Authority: Health-General Article, §15-101, 15-103, and 15-140, Annotated Code of Maryland

#### **.14 Payments.**

A. MCO Capitation. The Department shall pay an MCO a fixed monthly capitation rate for each of its PAC enrollees, at the rates specified in the following table[,] effective: [January 1, 2009 December 31, 2009:

	<i>Per Month Per Member</i>
<i>Age 19—44 Male</i>	<i>\$79.88</i>
<i>Age 19—44 Female</i>	<i>\$102.02</i>
<i>Age 45+ Male</i>	<i>\$150.08</i>
<i>Age 45+ Female</i>	<i>\$197.45]</i>

(1) *April 1, 2009 through June 30, 2009*

	<i>Per Month Per Member</i>
<i>Age 19—44 Male</i>	<i>\$78.99</i>
<i>Age 19—44 Female</i>	<i>\$100.89</i>
<i>Age 45+ Male</i>	<i>\$148.41</i>

<i>Age 45+ Female</i>	<i>\$195.26</i>
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(2) *July 1, 2009 through December 31, 2009:*

	<i>Per Month Per Member</i>
<i>Age 19—44 Male</i>	<i>\$75.79</i>
<i>Age 19—44 Female</i>	<i>\$96.80</i>
<i>Age 45+ Male</i>	<i>\$142.40</i>
<i>Age 45+ Female</i>	<i>\$187.34</i>

B.—F. (text unchanged)

JOHN M. COLMERS  
Secretary of Health and Mental Hygiene