



State of California—Health and Human Services Agency  
 Department of Health Care Services



TOBY DOUGLAS  
 DIRECTOR

EDMUND G. BROWN JR.  
 GOVERNOR

EDMU

DATE: JUN 20 2011

MMCD ALL PLAN LETTER 11-015

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: RATE SETTING: INCREASED PERCENTAGE OF COUNTYWIDE RATES

The purpose of this All Plan Letter (APL) is to notify all Medi-Cal Managed Care Plans (health plans) of changes to its risk-adjusted capitated rate-setting method. Specifically, the Department of Health Care Services (DHCS) will increase the percentage of countywide rates used in establishing capitated rates for each health plan.

Trailer bill legislation in 2010 froze the countywide component for risk adjustment at 20 percent through September 30, 2011. This statute, Welfare & Institutions Code section 14301.1(j), will no longer apply to rates effective October 1, 2011.

Subsequently, DHCS will incrementally increase the county-specific percentage over the next three years, as shown in the following table. Rate year 2013-14 will include a 5-percent "quality factor" for a measure as yet to be defined. DHCS will seek health plan input on the quality factor measure over the coming 18 months.

Scheduled Increases in Use of Countywide Rates

Rate Year	Health Plan Percent	Countywide Percent
2010-11	80%	20%
2011-12	75%	25%
2012-13	65%	35%
2013-14	55%*	40% Risk and 5% Quality

If you have any questions regarding this letter, please contact Stuart Busby, Chief of the Managed Care Financing Division at (916) 449-5000.

Sincerely,



Tanya Homman, Chief  
Medi-Cal Managed Care Division

cc: Stuart Busby, Chief  
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