Revision: HCFA-PM-91-4 (BPD) OMB No.: 0938-
AUGUST 1991

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State/Territory: DELAWARE

Citation
1905(a)(26)
and 1934

3.1(a)(1) Amount, Duration, and Scope of Services: Categorically Needy (Continued)

__X__ Program of All Inclusive Care for the Elderly (PACE) services, as described and limited in Supplement 2 to Attachment 3.1-A.

ATTACHMENT 3.1-A identifies the medical and remedial services provided to the categorically needy. (Note: Other programs to be offered to Categorically Needy beneficiaries would specify all limitations on the amount, duration and scope of those services. As PACE provides services to the frail elderly population without such limitation, this is not applicable for this program. In addition, other programs to be offered to Categorically Needy beneficiaries would also list the additional coverage -that is in excess of established service limits- for pregnancy-related services for conditions that may complicate the pregnancy. As PACE is for the frail elderly population, this also is not applicable for this program.)

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Agency*	Citation(s)			Groups Covered
		B.		Optional Groups Other Than the Medically Needy (Continued)
	42 CFR 435.217	X	4.	A group or groups of individuals who would be eligible for Medicaid under the plan if they were in a NF or an ICF/MR, who but for the provision of home and community-based services under a waiver granted under 42 CFR Part 441, Subpart G would require institutionalization, and who will receive home and community-based services under the waiver. The group or groups covered are listed in the waiver request. This option is effective on the effective date of the State's section 1915(c) waiver under which this group(s) is covered. In the event and existing 1915(c) is amended to cover this group(s), this option is effective on the effective date of the amendment. X PACE enrollees and will be effective on the effective date of the amendment electing PACE as an optional State plan service.

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AMOUNT, DURATION, AND SCOPE OF SERVICES OF MEDICAL AND REMEDIAL CARE SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

25. Program of All-Inclusive Care for the Elderly (PACE) services, as described in Supplement 2 to Attachment 3.1-A.

__X__ Election of PACE: By virtue of this submittal, the State elects PACE as an optional State Plan service.

_____ No election of PACE: By virtue of this submittal, the State elects to not add PACE as an optional State Plan service.

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I. Eligibility

The State determines eligibility for PACE enrollees under rules applying to community groups.

A.__ The State determines eligibility for PACE enrollees under rules applying to institutional groups as provided for in section 1902(a)(10)(A)(ii)(VI) of the Act (42 CFR 435.217 in regulations). The State has elected to cover under its State plan the eligibility groups specified under these provisions in the statute and regulations. Spousal impoverishment eligibility rules will apply. The applicable groups are:

Individuals receiving services under this program are eligible under the following eligibility groups:

- *A Special Income Level equal to 250% of the SSI Federal Benefit (FBR) (42 CFR 435.236)*

(If this option is selected, please identify, by statutory and/or regulatory reference, the institutional eligibility group or groups under which the State determines eligibility for PACE enrollees. Please note that these groups must be covered under the State's Medicaid plan.)

B. _X_ The State determines eligibility for PACE enrollees under rules applying to institutional groups, but chooses not to apply post-eligibility treatment of income rules to those individuals. (If this option is selected, skip to II - Compliance and State Monitoring of the PACE Program.

C.___ The State determines eligibility for PACE enrollees under rules applying to institutional groups, and applies post-eligibility treatment of income rules to those individuals as specified below. Note that the post-eligibility treatment of income rules specified below are the same as those that apply to the State's approved HCBS waiver(s).

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Regular Post Eligibility

1. __ SSI State. The State is using the post-eligibility rules at 42 CFR 435.726. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a). Sec. 435.726--States which do not use more restrictive eligibility requirements than SSI.

1. Allowances for the needs of the:

(A.) Individual (check one)

1.___The following standard included under the State plan (check one):

(a) _____SSI
(b) _____Medically Needy
(c) _____The special income level for the institutionalized
(d) _____Percent of the Federal Poverty Level: _____%
(e) _____Other (specify):_____

2.___The following dollar amount: $_____
Note: If this amount changes, this item will be revised.

3.___The following formula is used to determine the needs allowance:

_____

Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items 2 and 3.

(B.) Spouse only (check one):

1.____ SSI Standard
2.____ Optional State Supplement Standard
3.____ Medically Needy Income Standard
4.____ The following dollar amount: $_____
Note: If this amount changes, this item will be revised.
5.____ The following percentage of the following standard that is not greater than the standards above: _____% of _____ standard.
6.____ The amount is determined using the following formula:
7.____ Not applicable (N/A)

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Regular Post Eligibility Continued

(C.) Family (check one):
1.____ AFDC need standard
2.____ Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3.____ The following dollar amount: $_____
Note: If this amount changes, this item will be revised.
4.____ The following percentage of the following standard that is not greater than the standards above:_____% of_____ standard.
5.____ The amount is determined using the following formula: _____.
6.____ Other: _____.
7.____ Not applicable (N/A).

(2). Medical and remedial care expenses in 42 CFR 435.726.

Regular Post Eligibility

2. _____ 209(b) State, a State that is using more restrictive eligibility requirements than SSI. The State is using the post-eligibility rules at 42 CFR 435.735. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a) **42 CFR 435.735**--States using more restrictive requirements than SSI.

1. Allowances for the needs of the:
(A.) Individual (check one)
1.___The following standard included under the State plan (check one):
(a) _____SSI
(b) _____Medically Needy
(c) _____The special income level for the institutionalized
(d) _____Percent of the Federal Poverty Level: _____%
(e) _____Other (specify):_____

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2.___The following dollar amount: $_____
Note: If this amount changes, this item will be revised.
3.___The following formula is used to determine the needs allowance:
_____

Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items 2 and 3.

(B.) Spouse only (check one):
1._____The following standard under 42 CFR 435.121:
_____
2._____The Medically needy income standard
_____
3.____The following dollar amount: $_____
Note: If this amount changes, this item will be revised.
4.____The following percentage of the following standard that is not greater than the standards above: _____% of _____ standard.
5._____The amount is determined using the following formula:
_____
_____
6._____Not applicable (N/A)

(C.) Family (check one):
1.____AFDC need standard
2.____Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3.____The following dollar amount: $_____
Note: If this amount changes, this item will be revised.
4.____The following percentage of the following standard that is not greater than the standards above:_____% of_____ standard.
5.____The amount is determined using the following formula:
_____
6.____Other
7.____Not applicable (N/A)

(b) Medical and remedial care expenses specified in 42 CFR 435.735.

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Spousal Post Eligibility

3.___ State uses the post-eligibility rules of Section 1924 of the Act (spousal impoverishment protection) to determine the individual's contribution toward the cost of PACE services if it determines the individual's eligibility under section 1924 of the Act. There shall be deducted from the individual's monthly income a personal needs allowance (as specified below), and a community spouse's allowance, a family allowance, and an amount for incurred expenses for medical or remedial care, as specified in the State Medicaid plan.

(a.) Allowances for the needs of the:

1. Individual (check one)

(A).___The following standard included under the State plan (check one):

1. _____SSI
2. _____Medically Needy
3. _____The special income level for the institutionalized
4. _____Percent of the Federal Poverty Level: _____%
5. _____Other (specify):_____

(B).____The following dollar amount: $_____
Note: If this amount changes, this item will be revised.

(C)_____The following formula is used to determine the needs allowance:

_____
_____

If this amount is different than the amount used for the individual's maintenance allowance under 42 CFR 435.726 or 42 CFR 435.735, explain why you believe that this amount is reasonable to meet the individual's maintenance needs in the community:

_____
_____
_____
_____

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II. Rates and Payments

A. The State assures CMS that the capitated rates will be equal to or less than the cost to the agency of providing those same fee-for-service State plan approved services on a fee-for-service basis, to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the cost in fee-for-service.

1. X* Rates are set at a percent of fee-for-service costs
2. ___ Experience-based (contractors/State's cost experience or encounter date) (please describe)
3. ___ Adjusted Community Rate (please describe)
4. ___ Other (please describe)

*See Pages 7 and 8 for description of rate setting methodology

B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner. Please list the name, organizational affiliation of any actuary used, and attestation/description for the initial capitation rates.

Mercer Government Human Services Consulting
2325 East Camelback Road, Suite 600
Phoenix, Arizona 85016
Attention: Frederick P. Gibison, Jr.
1.602.522.6526

C. The State will submit all capitated rates to the CMS Regional Office for prior approval.

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CAPITATED RATE METHODOLOGY

Base Data Source and Analysis

The PACE rates are based on the Upper Payment Limit (UPL) methodology. The historical fee for service target population data is extracted for claims and eligibility for more than one year. PACE eligible populations used to develop the PACE UPLs are individuals enrolled in home and community based waivers (HCBS) and individuals in nursing facilities. These two populations serve as the basis upon which the PACE UPLs are developed.

Claims and eligibility data are gathered for both Medicaid-only individuals receiving the aforementioned services and also those individuals fully dually eligible for Medicaid and Medicare Parts A/B/D. Historical FFS data is compiled by date of service for the applicable year from the State's MMIS and eligibility system. Data for clients in the aforementioned two groups who are not eligible to enroll in PACE (e.g. those under age 55) are excluded from the database. The PACE UPLs include payment for all covered Medicaid services as well as Medicare coinsurance and deductible payments for full dual eligible clients. The final UPLs are developed for two rating groups: Dual Eligible – Age 55+ and Medicaid-only Age 55+.

The FFS data used in the analysis is reviewed for reasonableness to be (or as necessary adjusted to be) appropriate for UPL development as described in the most current version of the CMS PACE checklist.

- Claims expenditures for the PACE-equivalent population include Medicaid paid amounts increased by applicable patient liability and co-payments paid by recipients.
- Data for partial dual eligible populations were specifically excluded from the analysis, as they are not entitled to Medicaid services.
- Claims for services that are not covered services under PACE are not included.

Adjustments to Develop the UPL

The prospective UPL is subject to the following adjustments;

- Base Data Adjustments: The historical FFS base data are adjusted to comply with the requirements in the PACE UPL checklist and to ensure that the UPLs reflect what otherwise would have been paid under the State plan if participants were not enrolled in PACE (e.g., FFS pharmacy rebates, completion factors, copayments and patient liability).

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CAPITATED RATE METHODOLOGY (cont'd)

- Prospective Trend: Trend is an estimate of the change in the overall cost of providing health care benefits over a finite period of time. A trend factor is necessary to estimate the cost of health care services in a defined contract period. As part of the UPL development for the PACE program, annual per-member-per-month (PMPM) trend rates by consolidated COS are developed. The base data is trended forward to the midpoint of the contract period.
- Programmatic Changes: Programmatic changes recognize the impact of changes to benefits, eligibility or State reimbursement that take place between the base period and the projection period.
- State Administrative Costs: An estimate of the State's FFS administrative costs is included in the UPL development process.

PACE Capitation Rates

The State will ensure compliance with 42 CFR 460.182(b) by assuring that the PACE capitation rates will be a fixed percentage, of less than 100 percent, of the respective PACE UPL amounts. This percentage will consider differences between the FFS population from which the PACE UPLs were built and the expected enrollment in the PACE plans including relative acuity and the impact of better care management/care coordination.

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III. Enrollment and Disenrollment

The State assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the State and the State Administering Agency. The State assures that it has developed and will implement procedures for the enrollment and disenrollment of participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective monthly payment was based and the actual number of participants in that month.

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26. Program of All-Inclusive Care for the Elderly (PACE) services, as described in Supplement 2 to Attachment 3.1-A.

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