

OFFICIAL

UPL Certification and Capitated Rate Setting

The Actuary certifies that the PACE UPLs are developed in accordance with generally accepted actuarial practices and principles by actuaries meeting the qualification standards of the American Academy of Actuaries for the populations and services covered under the PACE program. The PACE UPLs will represent actuarial projections of future contingent events.

The UPL amounts are reduced by a percentage amount to establish the PACE capitation rate. The Percentage amount will be based on the anticipated reductions in health care service costs due to the implementation of the managed care PACE program. Reductions in costs are anticipated to be realized through a reduction in nursing facility and in-patient hospital costs, improved client care management and efficiencies in service delivery. The Upper Payment Limit will be trended forward with an occasional rebasing of the cost when deemed necessary on an annual basis. The decision for the need to rebase the cost will be at the advice of the actuary. Rebasing becomes necessary when medical practices change drastically and/or health acuity case-mix of the population has had significant changes. Also on an annual basis coinciding with the managed care acute rate setting the percentage amount will be revised based on the actuarial analysis of the most current managed care cost and savings efficiency potential available for this population and consideration of the States MLTSS program capitation rates. The trending and/or rebasing of the UPL will be completed with the methodology described above.

The effective date for the revised UPL with its PACE percentage amounts and capitation payments is planned to coincide with the State fiscal year with the PACE providers receiving their revised capitation payment amounts approximately two months before the effective date.

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