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State/Territory Name: Delaware

State Plan Amendment (SPA) #: 21-0007

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

January 18, 2022

Stephen M. Groff, Director
Division of Medicaid and Medical Assistance
Delaware Health and Social Services
P.O. Box 906
New Castle, DE 19720-0906

Re: Delaware State Plan Amendment (SPA) 21-0007

Dear Mr. Groff:

The Centers for Medicare & Medicaid Services (CMS) completed review of Delaware's State Plan Amendment (SPA) Transmittal Number 21-0007 submitted on November 9, 2021. The purpose of this SPA is to update the Program of All-Inclusive Care for the Elderly (PACE) Medicaid capitation rate methodology. This SPA transitions from using Fee-for-Service (FFS) data to using Managed Care for development of the amount that would otherwise have been paid (AWOP) calculation.

We conducted our review of this amendment according to statutory requirements of Title XIX of the Social Security Act and implementing Federal regulations. This letter is to inform you that Delaware Medicaid SPA Transmittal Number 21-0007 was approved on January 6, 2022 and is effective October 1, 2021.

If you have any questions regarding this amendment, please contact Michael Cleary at 215-861-4282 or via email at Michael.Cleary@cms.hhs.gov

Sincerely,

/s/

Shantrina D. Roberts
Deputy Director
Division of Managed Care Operations

cc: Lisa Zimmerman, DHHS
Nicole Cunningham, DHHS
Kimberly Xavier, DHHS
Sabrina Tillman-Boyd, DMCO Manager
Angela Cimino, DHPC Analyst
Talbatha Myatt, DPO DE State Lead

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 1 — 0 0 7

2. STATE

Delaware

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

October 1, 2021

5. TYPE OF PLAN MATERIAL (*Check One*)

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION

Title XIX Medicaid State Plan

7. FEDERAL BUDGET IMPACT

a. FFY 2022 \$ 0

b. FFY 2023 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

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9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*)

Supp 2 3.1-A Page 6

10. SUBJECT OF AMENDMENT

Program of All-Inclusive Care for the Elderly (PACE)

11. GOVERNOR'S REVIEW (*Check One*)

GOVERNOR'S OFFICE REPORTED NO COMMENT

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL

/s/

13. TYPED NAME

Stephen M. Groff

14. TITLE

Director

15. DATE SUBMITTED

11/9/2021 | 11:49 AM EST

16. RETURN TO

Stephen M. Groff, Director, DMMA, P.O. Box 906 New Castle, DE19720

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

November 10, 2021

18. DATE APPROVED

January 6, 2022

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

October 1, 2021

20. SIGNATURE OF REGIONAL OFFICIAL

/s/

21. TYPED NAME

Shantrina Roberts

22. TITLE

Division of Managed Care Operations, Deputy Director

23. REMARKS

PRA Disclosure Statement *The purpose of the PRA package is to provide a mechanism for states who voluntarily elect to provide medical assistance under Section 1934(a)(1) with respect to PACE program services to PACE program eligible individuals who are eligible for medical assistance under the State plan and who are enrolled in a PACE program under a PACE program agreement. 42 CFR 460.2 implements sections 1895, 1905(a), and 1934 of the Act, which authorizes the establishment of PACE as a State option under Medicaid to provide for Medicaid payment to, and coverage of benefits under, PACE. Under the Privacy Act of 1974 any personally identifying information obtained will be kept private to the extent of the law. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1027 (Expires: 06/30/2023). The time required to complete this information collection is estimated to average 20 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.*

II. Rates and Payments

A. The State assures CMS that the capitated rates will be less than the cost to the agency of providing State plan approved services 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 amount the state would have otherwise paid for a comparable population.

1. ___ Rates are set at a percent of the amount that would otherwise been paid for a comparable population.
2. ___ Experience-based (contractors/State's cost experience or encounter date)(please describe)
3. ___ Adjusted Community Rate (please describe)
4. X* Other (please describe)

* Rates are negotiated with the PACE organizations and are below the AWOPs. See page 8 – PACE Capitation Rates methodology for additional information.

B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner.

C. The State will submit all capitated rates to the CMS Regional Office for prior approval, and will include the name, organizational affiliate of any actuary used, and attestation/description of the capitation rates.

III. Enrollment and Disenrollment

TN No. SPA 21-0007

Approval Date January 6, 2022

Supersedes

TN No. SPA 11-010

Effective Date October 1, 2021

IV.

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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CAPITATED RATE METHODOLOGY

Medicaid Reimbursement Methodology for PACE

The PACE rates are negotiated and are less than the amount that would otherwise have been paid (AWOP). The PACE AWOPs are developed by leveraging work associated with the mandatory managed care program. The PACE AWOP development process utilizes available historical experience for a comparable population (i.e., the State’s nursing facility (NF) and elderly/physically disabled home-and community-based-services (HCBS) waiver populations).

Along with the MCO experience data, Delaware Medicaid FFS data and Delaware Medicaid eligibility data are used in the development of the PACE AWOPs. The MCO experience data is adjusted to align with a comparable population (e.g., age 55 and older, NF/HCBS, etc.). Any Medicaid-covered services excluded from the MCOs are included in the development of the PACE AWOPs using Delaware’s Medicaid FFS claims data for the comparable populations. PACE AWOPs are based on the paid amounts contained in the respective data source. The final AWOPs are developed for each respective population rating group on a per-member-per-month (PMPM) basis. The PACE AWOPs include all Medicaid covered benefits for the respective population groups.

Adjustments to Develop the AWOPs

The prospective AWOPs are subject to the following adjustments:

- Base Data Adjustments: The historical managed care MCO base data is adjusted to comply with the requirements in the applicable CMS PACE rate setting guidance and to ensure the AWOPs reflect what otherwise would have been paid under the State plan if participants were not enrolled in PACE (e.g., completion factors, copayments and patient liability).
- Prospective Trend: Trend is an estimate of the change in the overall cost of providing health care benefits over a finite period. A trend factor is necessary to estimate the cost of health care services in a defined contract period. As part of the AWOP development for the PACE program, annual PMPM trend factors are used to trend the base data forward to the midpoint of the contract period (i.e., midpoint to midpoint). Trend factors are based on regression analyses of historical data as well as professional opinion of future cost patterns.
- Programmatic Changes: Programmatic changes recognize the impact of changes to benefits, eligibility or State reimbursement, which take place between the base period and the projection period.
- Comparable Population Relativity Adjustment Factors: As needed, adjustments are made to the base data to reflect a comparable population. Adjustments are developed based on analyses of historical Delaware data and the relativity factors between a comparable population and the base data population (e.g., age 55 and older versus all ages)

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- Adjustments for Services Not Included in Base Data or Other Adjustments: Any Medicaid covered service not included in the MCO experience data is included in the development of the PACE AWOPs through other data sources. The primary other data source is Delaware's Medicaid FFS claims data. Examples include non-emergency medical transportation, dental services, and other services paid by FFS for comparable individuals, but may change over time.
- Non-Medical Expense Load: An adjustment is applied to the PACE AWOPs to reflect non-medical expenses. Because Delaware has mandatory risk-based managed care for populations that can otherwise enroll in PACE, the PACE AWOPs leverage the non-medical expense load percentages from the applicable MCO capitation rates.

PACE Capitation Rates

The State will ensure compliance with 42 CFR 460.182(b) by assuring the PACE capitation rates are less than the respective AWOP and fixed regardless of participant's health status. PACE rates are negotiated on a periodic basis between the State and each applicable PACE Organization.

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