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State/Territory Name: Massachusetts

State Plan Amendment (SPA) #: MA-25-0031

This file contains the following documents in the order listed:

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

December 16, 2025

Mike Levine
Undersecretary for MassHealth
Executive Office of Health and Human Services
One Ashburton Place, 10th Floor
Boston, MA 02108

Re: Massachusetts' State Plan Amendment (SPA) MA 25-0031

Dear Undersecretary Levine:

The Centers for Medicare & Medicaid Services (CMS) completed the review of Massachusetts State Plan Amendment (SPA) Transmittal Number 25-0031 submitted on September 30, 2025. The purpose of this SPA is to revise the Medicaid PACE rate development methodology. Enclosed are the following approved pages that should be incorporated into your approved state plan:

- Supplement 3 to Attachment 3.1-A, pages 7-8
- Supplement 3 to Attachment 3.1-B, pages 7-8
- Attachment 4.19-B, page 5

We conducted our review of your submission according to statutory requirements in Title XIX of the Social Security Act and implementing federal regulations. This letter is to inform you that Massachusett's Medicaid SPA 25-0031 is approved with an effective date of September 27, 2025.

If you have any questions concerning this information, please contact me at (410) 786-7561. You may also contact Angela Cimino at angela.cimino@cms.hhs.gov or (410) 786-2638 or Mansi Shukla at mansi.shukla@cms.hhs.gov.

Sincerely,

George P. Failla, Jr., Director
Division of HCBS Operations & Oversight

Enclosures

cc: Mansi Shukla, CMS DHCBSO
Angela Cimino, CMS DHPC
Cynthia Nanes, CMS DHCBSO
Shante Shaw, CMS DHCBSO

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 25-0031

2. STATE: MA

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

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
09/27/2025

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR Part 460

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 26 $ 0
b. FFY 27 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Supplement 3 to Attachment 3.1-A pp. 7-8
Supplement 3 to Attachment 3.1-B p. 7-8
Attachment 4.19-B p. 5

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Supplement 3 to Attachment 3.1-A pp. 7-8
Supplement 3 to Attachment 3.1-B p. 7
Attachment 4.19-B pp. 5-7

9. SUBJECT OF AMENDMENT
An amendment to the payment methodologies for PACE

10. 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:

11. [redacted]FFICIAL

12. TYPED NAME
Mike Levine

13. TITLE
Undersecretary for MassHealth

14. DATE SUBMITTED
09/30/2025

15. RETURN TO
Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
One Ashburton Place, 10th Floor
Boston, MA 02108

FOR CMS USE ONLY

16. DATE RECEIVED 9/30/2025

17. DATE APPROVED
12/17/2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
9/27/2025

19. SIGNATURE OF APPROVIN [redacted]

20. TYPED NAME OF APPROVING OFFICIAL
George P. Failla, Jr.

21. TITLE OF APPROVING OFFICIAL
Director, Division of HCBS Operations and Oversight

22. REMARKS

II. **Rates and Payments**

A. The State assures CMS that the capitated rates will be less than the cost to the agency 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 costs experience or encounter data) (please describe)

☐ 3. Adjusted Community Rate (please describe)

☒ 4. Other (please describe)

The amount that would otherwise have been paid (AWOP) and capitated rates are prospectively developed in accordance with the CMS PACE Medicaid Capitation Rate Setting Guide on a per member per month (PMPM) basis. The AWOP utilizes historical experience available during the base period and converts that experience, using generally accepted actuarial principles and practices, into appropriate baseline data for the contract period.

The AWOPs are developed utilizing a blend of costs of comparably frail PACE-eligible members within Massachusetts' fee-for-service program and those within Massachusetts' managed care program(s) because these are the programs in which PACE participants would otherwise have been enrolled in the absence of PACE.

The applicable adjustments (i.e., data adjustments, trend factors, etc.) and assumptions, as well as the experience for populations residing in the community and in institutions, that apply to the PACE-eligible population are factored into the AWOP development.

A statewide AWOP is developed for both the Medicaid Only (including those with Medicare Part B Only) and Dual Eligible (Medicaid with full Medicare or Medicare Part A Only) rate cells.
The rate cells for PACE are as follows:
· Medicaid Only
· Dual Eligible

The State develops capitation rate ranges, which are used by the State to determine the final payment rates. The capitation rate ranges are used by the state in negotiating final payment rates with its participating PACE organizations. The final payment rates take into account medical expense trend and contractor cost experience.

The State will ensure that the final rates paid to the PACE organizations will be less than the AWOP.

The AWOP and PACE rates are expected to be reassessed annually.

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 CMS 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

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.

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

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State/Territory: Massachusetts

PAYMENT TO PACE PROVIDERS

I. PACE providers receive monthly Medicare and Medicaid capitation payments for each eligible Medicare and Medicaid enrollee. Medicare eligible participants who are not eligible for Medicaid pay monthly premiums equal to the Medicaid capitation amount, but no deductibles, coinsurance, or other type of Medicare or Medicaid cost-sharing. PACE providers assume full financial risk for providing member's care as required under the Agreement.

II. Rates and Payments

PACE rates are set using the methodology described in Supplement 3 to Attachment 3.1-A, pages 7-8 and Supplement 3 to Attachment 3.1-B, pages 7-8.