

## **Table of Contents**

**State/Territory Name:** **Maryland**

**State Plan Amendment (SPA) #:** **23-0015**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Blvd, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



Managed Care Group

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September 8, 2023

Laura Herrera Scott, MD, MPH  
Secretary of Health, Maryland Department of Health  
201 W. Preston Street, 5th Floor  
Baltimore, MD 21201

Re: Maryland State Plan Amendment (SPA) 23-0015

Greetings Secretary Scott:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) MD-23-0015.

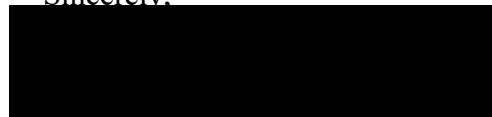
This amendment updates MD 23-0001 and modifies the language that describes the rate categories for the Program of All-Inclusive Care for the Elderly (PACE) by removing the QMB rates in the rate-setting methodology. This change does not fundamentally change the formula for rate calculation.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations found at 42 CFR 447.201.

This letter is to inform you that Maryland Medicaid SPA 23-0015 is approved with an effective date of July 1, 2023.

If you have any questions, please contact Kerston Crawford-Thorns at 214-767-6484 or via email at [kerston.crawford-thorns@cms.hhs.gov](mailto:kerston.crawford-thorns@cms.hhs.gov).

Sincerely,



Bill Brooks, Director  
Division of Managed Care Operations  
Centers for Medicare & Medicaid Services

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

1. TRANSMITTAL NUMBER

2 3 — 0 0 1 5

2. STATE

MD

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX  XXI

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

4. PROPOSED EFFECTIVE DATE

July 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447.201

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2023 \$ 0  
b. FFY 2024 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 3 to Attachment 3.1A pg. 11F (23-0015)  
Att. 3.1A pg. 19c (23-0015)

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

Supplement 3 to Attachment 3.1A pg. 11F (23-0001)  
Att. 3.1A pg. 19c (23-0001)

9. SUBJECT OF AMENDMENT

This SPA updates MD 23-0001. For dates of service beginning July 1, 2023, this SPA modifies the language describing the rate categories for the Program of All-Inclusive Care for the Elderly (PACE) by removing the QMB rates in the rate setting methodology.

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. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

15. RETURN TO

Ryan Moran  
Medicaid Director  
Maryland Department of Health  
201 W. Preston St., 5th Floor  
Baltimore, MD 21201

12. TYPED NAME

Tricia Roddy

13. TITLE

Deputy Medicaid Director

14. DATE SUBMITTED

August 24, 2023

**FOR CMS USE ONLY**

16. DATE RECEIVED

08/24/2023

17. DATE APPROVED

09/08/2023

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

07/01/2023

19. SIGNATURE

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL

Bill Brooks

21. TITLE OF APPROVING OFFICIAL

Division Director, Division of Managed Care Operations

22. REMARKS

**State of Maryland****PACE State Plan Amendment**

Citation 3.l(a)(l) Amount, Duration, and Scope of Services: Categorically Needy (Continued)

1905(a)(26) and 1934

X Program of All-Inclusive Care for the Elderly (PACE) services, as described and limited in Supplement 3 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.)

State of Maryland  
PACE STATE PLAN  
Rate-setting Methodology

The Department calculates the capitation rates for the PACE program using an Amount that Would Otherwise be Paid (AWOP) analysis, applying service-category specific cost trends to derive a per-member per-month amount for defined coverage groups reflecting age, gender, and region of the eligible population.

The methodology establishes a base period of two consecutive fiscal years' worth of data that reflect the trended Medicaid fee for service (FFS) costs of a population eligible for the PACE program, i.e., persons aged 55 and older, certified medically eligible for nursing facility level of care, and living within the PACE Organization's designated service area. Beginning with Calendar Year 2023, data will be gathered and rates calculated for each of the regions listed below, so that the costs used to develop PACE rates reflect these regions:

- 1) Baltimore Metro - Baltimore City and Anne Arundel, Baltimore, Cecil, Carroll, Harford, and Howard counties
- 2) Washington Metro - Calvert, Charles, Frederick, Montgomery, Prince George's, and St. Mary's counties
- 3) Rural - Allegany, Garrett, Washington, Caroline, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester counties

Participants already enrolled in Medicaid managed care programs (including PACE) are excluded from the comparison base. No adjustments for administrative costs associated with PACE are included, and certain categories of costs not associated with a PACE-eligible, nursing facility-certified population are excluded from the claims data.

To develop annual PACE rates, the Department re-bases the claims period by moving it forward one year, such that one year of the current two-year base period will have been included in the previous year's base. Each of the two base years' data is trended forward by category of service (i.e., acute care based upon the latest trend information for Medicaid costs, nursing facility costs based on the latest changes in nursing home rates, and home health and special service costs based on the latest available Medicaid FFS experience for the PACE-eligible participants).

#### Calculation of Capitation Rates

The two years of trended data are combined to calculate costs on a per-member per-month basis, subtotaled by age (under- or over-65), by eligibility group, and weighted by the expected mix of program participants receiving long term care services in institutional compared to community-based settings. The rates are then reduced by an assumption of 2% savings attributed to managed care, and blended rates determined, according to the appropriate rate categories.