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State/Territory Name: **Pennsylvania**

State Plan Amendment (SPA) #: **21-0003**

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

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Medicaid and CHIP Operations Group

March 30, 2021

Teresa Miller
Secretary
PA Department of Human Services
Office of the Secretary
625 Forster Street, Room 333
Harrisburg, Pennsylvania 17120

Re: Pennsylvania State Plan Amendment (SPA) 21-0003

Dear Secretary Miller:

The Centers for Medicare & Medicaid Services (CMS) completed review of Pennsylvania's State Plan Amendment (SPA) Transmittal Number 21-0003 submitted on February 11, 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 Pennsylvania Medicaid SPA Transmittal Number 21-0003 is approved effective July 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,

[redacted]

Bill Brooks
Director
Division of Managed Care Operations

cc: Montrell Fletcher, PA DHS
Sabrina Tillman-Boyd, DMCO Manager
Angela Cimino, DHPC Analyst
Dan Belnap, DPO PA State Lead

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: 21-0003

2. STATE: Pennsylvania

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
July 1, 2021

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

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 1 0IF THIS IS AN AMENDMENT *(Separate transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION
42 CFR 460.182

7. FEDERAL BUDGET IMPACT
a. FFY 2021 $ 0
b. FFY 2022 $ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 3.1-A Supplement 3, Page 5
Attachment 3.1-A Supplement 3, Page 5a
Attachment 3.1-A Supplement 3, Page 5b
Attachment 3.1-A Supplement 3, Page 6

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 3.1-A Supplement 3, Page 5
Attachment 3.1-A Supplement 3, Page 5a
Attachment 3.1-A Supplement 3, Page 5b
Attachment 3.1-A Supplement 3, Page 6

10. SUBJECT OF AMENDMENT: Proposed change in the Methodology used to calculate the Program of All-Inclusive Care for the Elderly (PACE) Medicaid capitation rate, transitioning from using Fee-for-Service (FFS) data, to using Managed Care for Rate Year 2021-2022.

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
[redacted]

13 TYPED NAME
Teresa D. Miller

14. TITLE
Secretary of Human Services

15. DATE SUBMITTED
FEB 11 2021

16. RETURN TO
PA Department of Human Services
Office of Long-Term Living/Forum Place 6th Fl.
Attention: Bureau of Policy Development and Communications Management
P.O. Box 8025
Harrisburg, Pennsylvania 17105-8025

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED
February 11, 2021

18. DATE APPROVED
March 30, 2021

PLAN APPROVED – ONE COPY ATTACHED

19 . EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2021

20. SIGNATURE OF REGIONAL OFFICIAL
[redacted]

21. TYPED NAME
Bill Brooks

22. TITLE
Division of Managed Care Operations, Director

23. REMARKS

FORM CMS-179 (07/92)

Spousal Post Eligibility

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 consistent with the minimum monthly maintenance needs allowance described in section 1924(d), a family allowance, for each family member, calculated as directed by section 1924(d)(1)(C), and an amount for incurred expenses for medical or remedial care, as specified in the State Medicaid plan.
Yes ____ No ____

Note: states must elect the use the post-eligibility treatment-of-income rules in section 1924 of the Act in the circumstances described in the preface to this section.

(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:

_____
_____
_____
_____
_____

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. _x__ 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. ___ Other (please describe)

The rates will be paid as a percentage of the amount that would have otherwise been paid (AWOP) and set on an annual basis after negotiation with the LIFE providers. Consideration of differences between the Medicaid population from which the PACE AWOP is developed and the actual enrollment in the PACE plan, including relative acuity will also be made.

[Reserved]

Rate Methodology

The Department will determine on an annual basis the rates paid to the Program of All-Inclusive Care of the Elderly (PACE) plans as a percentage of the *amount that would have otherwise been paid* (AWOP). The AWOP percentage will be determined after negotiation with the LIFE providers and consideration of differences between the Medicaid population from which the PACE AWOP is developed and the actual enrollment in the PACE plans including relative acuity. The AWOP is based on the current Medicaid delivery system costs derived from a comparable population (55 or older) of nursing facility and Home and Community-Based Services (HCBS) eligibles. In order to develop the AWOP, the data from sub-populations (Dually Eligible and Non-Dually Eligible) of nursing facility and HCBS clients was blended into the final AWOP table. Paid Medicaid claims were the source data for the AWOP calculation. Detailed claims data was obtained from the State's Provider Reimbursement and Operations Management System (PROMISe).

The following two groups will be used to determine payment for PACE:
Dually Eligible Individuals (Medicaid and Medicare)
Non-Dually Eligible Individuals (Medicaid Only)

The State assures CMS that the capitated rates are less than comparable Medicaid costs as defined by the PACE AWOP.

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

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.