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State/Territory Name: Rhode Island

State Plan Amendment (SPA) #: RI-25-0006

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

May 2, 2025

Secretary Richard Carest
EOHHS
3 West Road
Cranston, RI 02920

Re: Rhode Island State Plan Amendment (SPA) RI-25-0006

Dear Secretary Carest:

The Centers for Medicare & Medicaid Services (CMS) completed the review of Rhode Island's State Plan Amendment (SPA) 25-0006 submitted on March 26, 2025. The purpose of this SPA is to revise the Medicaid PACE Rate methodology to ensure that legislatively mandated fee schedule adjustments are reflected in the rates paid to PACE.

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 Rhode Island's Medicaid SPA 25-0006 is approved with an effective date of March 1, 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.

Sincerely,

A solid black rectangular box redacting the signature of George P. Failla, Jr.

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

Enclosures

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

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 0 6

2. STATE

RI3. 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

March 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR Part 460

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025\$ 0b. FFY 2026\$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 3 to Attachment 3.1-A Pages 6-8

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Supplement 3 to Attachment 3.1-A Pages 6-8 (TN: 18-007)

9. SUBJECT OF AMENDMENT

Payment Methodology 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. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

Richard Carest

13. TITLE

Secretary, EOHHS

14. DATE SUBMITTED

3/26/2025

15. RETURN TO

EOHHS

3 West Road

Cranston, RI 02920

FOR CMS USE ONLY

16. DATE RECEIVED

March 26 2025

17. DATE APPROVED

May 2, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

March 1 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

George P. Failla, Jr.

21. TITLE OF APPROVING OFFICIAL

Director, Division of HCBS Operations & 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 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 data) (please describe)
3. Adjusted Community Rate (please describe)
4. Other (please describe)

AWOP Methodology for PACE Organization

Rhode Island has elected to do a complete rebase of the AWOP every three years. In years without a full rebase, Rhode Island will apply price and utilization trend adjustments to the AWOP at the category of service level to account for Medicaid program changes, fee schedule changes, and mix changes.

Step 1: Define the Proxy PACE Population

The Proxy PACE Population is defined by eligibility criteria representing program eligibility requirements and parameters that best approximate the population consistent with the frailty and age of PACE participants. The proxy PACE population is limited to members who are either residing in a nursing home or enrolled in an eligible waiver. Members are stratified between dual/non-dual eligibility and by age. Eligibility categories are stratified by members eligible for Medicare primarily because of disability (Duals 55-64), eligible for Medicare primarily because of age (Duals 65+), and members not eligible for Medicare (Non-Duals). This stratification allows for more precise AWOP and capitation rate development and serves as a risk stratification mechanism within the PACE program.

Step 2: Summarize Costs

Summarize fee-for-service (FFS), managed care (MCO), non-emergency medical transportation (NEMT), and patient liability costs for the proxy group. Patient liability is added back to reflect the total cost of services for the AWOP population.

Step 3: Adjust for PACE Population Acuity

Adjust costs to reflect differences in acuity between the proxy PACE population and the PACE-enrolled population. Separate adjustments are made for nursing home, NEMT, and waiver-based care.

Step 4: Apply Program Adjustments

Adjust the base data to account for Medicaid program changes, such as fee schedule updates and legislatively mandated rate changes.

Step 5: Trend to Rating Period

Trend the adjusted costs to the midpoint of the upcoming rating period, accounting for price and utilization changes not captured in prior adjustments.

Step 6: Combine FFS and Managed Care Experience

Blend the trended costs from FFS and managed care using enrollment data to develop a comprehensive AWOP for community and nursing facility members.

Step 7: Develop Administrative Load

Add administrative costs based on Medicaid administrative claiming by the State as a percentage of Medicaid benefit claiming.

Step 8: Blend HCBS and Nursing Home Costs

Combine HCBS and nursing home costs to calculate a blended PACE AWOP, using projected enrollment data, with an adjustment to reflect a reduction in the estimated number of nursing home days achieved by the PACE program relative to the base experience.

Step 9: Set Capitation Rates

Set final capitation rates at 98% of the blended AWOP calculated in Step 8.

- 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.