

**STATE OF RHODE ISLAND
EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**

**6/1/2022 PUBLIC NOTICE OF PROPOSED AMENDMENT TO RHODE ISLAND MEDICAID
STATE PLAN**

In accordance Rhode Island General Laws 42-35, notice is hereby given that the Executive Office of Health and Human Services (EOHHS) proposes to make the following amendment to the Rhode Island State Plan under Title XIX of the Social Security Act:

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

EOHHS is seeking approval from the Centers for Medicare and Medicaid Services (CMS) to make a change to the PACE rate setting methodology beginning July 1, 2021, as well as to provide a temporary rate increase to Home and Community-Based Services (HCBS) providers as authorized by Section 9817 the American Rescue Plan Act of 2021.

These changes are proposed to take effect on July 1, 2021. The projected fiscal impact for FFY21 is \$3.4 Million (All Funds), of which PACE must spend at least 85% towards recruitment and retention activities as described in State issued APRA program guidance by March 31, 2023. A maximum of 15% may be allocated to payroll tax increases associated with increased compensation.

This proposed amendment is accessible on the EOHHS website (www.eohhs.ri.gov) or available in hard copy upon request (401-462-1501 or RI Relay, dial 711). Interested persons should submit data, views, or written comments by July 1, 2022 to Katy Thomas, Executive Office of Health and Human Services, 3 West Rd, Cranston, RI, 02920, or Kathryn.Thomas@ohhs.ri.gov or via phone at (401) 462-2598.

In accordance with the Rhode Island General Laws 42-35-3, an oral hearing will be granted on the proposed State Plan Amendment if requested by twenty-five (25) persons, an agency, or by an association having at least twenty-five (25) members. A request for an oral hearing must be made within ten (10) days of this notice.

The Executive Office of Health and Human Services does not discriminate against individuals based on race, color, national origin, sex, gender identity or expression, sexual orientation, religious belief, political belief, or handicap in acceptance for or provision of services or employment in its programs or activities.

**Original Signed by: Ana Novais, Acting Secretary,
Signed this 1st day of June, 2022**

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Rates and Payments

A. The State assures CMS that the capitated rates will be equal to or less than the cost to the agency of providing those same fee-for-service State plan approved services on a fee-for-service basis, 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 cost in fee-for-service.

1. ___ Rates are set at a percent of fee-for-service costs
2. ___ Experience-based (contractor's/State's cost experience or encounter data) (please describe)
3. ___ Adjusted Community Rate (please describe)
4. X Other (please describe)

Effective July 1, 2018 the Executive Office of Health and Human Services (EOHHS) will calculate Program for All-Inclusive Care for the Elderly (PACE) capitation rates on a three-year cycle. During the first year, as per the methods elaborated below, EOHHS will calculate a PACE Amount That Would which is Otherwise Have Been Paid payable(AWOP) using the experience of a similar Medicaid population receiving care through Managed Care Organizations (MCOs) and/or Fee-for-Service (FFS). The PACE capitation rate will be set at no less than ninety-eight (98) percent of the AWOP. For the second and third years of each cycle, the first-year rate will be adjusted according to the CMS Market Basket inflation factor for Home Health Agencies. The re-calculation of the AWOP for the first year of the following cycle will ensure that the PACE rates remain below the AWOP.

In accordance with Section 9817 of the American Rescue Plan Act of 2021, aggregate payments to the PACE organization on a per member basis for state fiscal year (SFY) 2022 through 2024 will be maintained at a rate that is no less than what the PACE organization would have received using the capitation rates in place as of April 1, 2021.

In SFY 2022, the first year of the three-year rate setting cycle, the AWOP calculated to derive the capitation rates paid to PACE will reflect one-time temporary rate increases in the AWOP population authorized under Section 9817 of the American Rescue Plan Act of 2021 (ARPA). If inclusion of these one-time temporary rate increases in the AWOP population results in aggregate payments on a per member basis to the PACE organization that exceed those in effect as of April 1, 2021 (SFY 2021), PACE will be required to direct at least 85% of this increase to recruitment and retention activities as described in State issue APRA program guidance. PACE may use this additional funding in accordance

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with the guidance through March 31, 2023. A maximum of 15% may be reserved to cover the payroll tax increases associated with increasing compensation.

In the second and third years of the cycle (SFY 2023 and SFY 2024), EOHHS will apply the change in the CMS Home Health Agency Market Basket to a revised version of the AWOP for SFY 2022 that does not include the one-time temporary rate increases in the AWOP population. If this results in aggregate per member per month rates that are lower than what the PACE organization would have received using the capitation rates in place as of April 1, 2021, the PACE organization will receive the rates in place as of April 1, 2021. If this results in aggregate per member per month rates that are greater than what the PACE organization would have received using the capitation rates in place as of April 1, 2021, the PACE organization will receive the rates as calculated under this AWOP methodology.

In SFY 2025, the PACE capitation rate will be set as a percent of the AWOP using the experience of a similar Medicaid population as outlined above.

The State will establish an AWOP for the following three different PACE rating groups:

- Duals aged 55-64 (PC55) and receiving services in the Community or Nursing Home (NH);
 - Duals aged 65 and older (PC65) and receiving services in the Community or NH; and
 - Medicaid Only (PCMA) recipients receiving services in the Community or NH.
- B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner. Please list the name, organizational affiliation of any actuary used, and attestation/description for the initial capitation rates.

The PACE capitation rates will comply with 42 CFR 460.182 and therefore:

- Be less than the amount that would otherwise have been paid under the State plan if the participants were not enrolled under the PACE program.
- Take into account the comparative frailty of PACE participants.
- Be a fixed amount regardless of changes in the participant's health status.

C. The State will submit all capitated rates to the CMS Regional Office for prior approval.

II. Enrollment and Disenrollment

TN No.: 18-007 Supersedes Approval Date 10/9/18 Effective Date: 7/01/18

TN NO.: 05-006

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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.

TN No.: 22-00XX
Supersedes
TN NO.: 18-007

Approval Date _____

Effective Date: 7/01/21