

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

**6/29/2018 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)

EOHHS is seeking federal authority to update the rate methodology for the Program of All Inclusive Care for the Elderly (PACE). The new rate methodology is designed to appropriately account for cost, utilization patterns, age, and acuity of participants in the PACE program, and to be compliant with relevant federal regulations, including CMS Section 1934 of the Social Security Act and 42 CFR 460.182. The new rate methodology will be effective July 1, 2018. This amendment is projected to result in an increase in annual expenditures of approximately \$1,545,465 all funds.

This proposed amendment is accessible on the EOHHS website (www.eohhs.ri.gov) or available in hard copy upon request (401-462-6348 or RI Relay, dial 711). Interested persons should submit data, views, or written comments by July 29, 2018 to Melody Lawrence, Executive Office of Health and Human Services, 3 West Rd, Cranston, RI, 02920, or Melody.Lawrence@ohhs.ri.gov.

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 fourteen (14) 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.

I. 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 assess PACE Per Member Per Month (PMPM) capitation rates on a three-year cycle. During the first year, as per the methods elaborated below, EOHHS will set rates based upon the experience of similar Medicaid recipients receiving care through Managed Care Organizations (MCOs) and/or Fee-for-Service (FFS). For the second and third years of each cycle, the first-year rate will be increased according to the CMS Market Basket inflation rate for Home Health Agencies. The recalibration of the rate during the first year of the following cycle will ensure that the PACE rates remain within the Upper Payment Limit (UPL) as required by federal regulations.

The State's rate methodology reflects the comparative costs paid by EOHHS for Medicaid recipients who receive Long Term Care Services and Supports (LTSS) (in a nursing facility or in the community) and who are enrolled in the State's Rhody Health Options (RHO) Managed Care program. The rates include adjustments for residential setting, Medicare status, the relative age and acuity of PACE members, and additional Medicaid services provided outside of RHO capitation rates.

The State calculates rates for three different PACE capitation groups:

- PC55 for Duals Ages 55-64 and receiving Home and Community Based Services (HCBS) or Nursing Home (NH) care;
- PC65 for Duals Ages 65+ and receiving HCBS or NH care; and
- PCMA for Medicaid Only recipients receiving either HCBS or NH care.

Given that all PACE enrollees must be eligible for Long Term Care Services and Supports, the State identified the RHO capitation groups where individuals also must have an LTSS determination. The State then identified the Medical PMPM component of the capitation rates for these three RHO groups.

As these RHO capitation groups do not map perfectly onto the three PACE capitation groups, the RHO rates were mapped to PACE by creating six rates; a group for HCBS and NH for each of the three PACE capitation groups. Based upon the age distributions in PACE and the comparable RHO population, Age Group Adjustment factors were calculated and applied. Nursing Home Acuity

Adjustment factors to account for differences between the two populations were also calculated (from averaged RUG scores) and applied.

EOHHS identified two groups eligible, in principle, for enrollment:

- those individuals, receiving HCBS, who have either a High or Highest Level of Care determination; and,
- those individuals residing in a Nursing Home who had also previously received HCBS and had Medicaid eligibility for at least 90 days prior to residing in a Nursing Home.

The following groups are ineligible for PACE:

- those who are already residing in the Nursing Home prior to obtaining Medicaid eligibility;
- those who enter the Nursing Home within 90 days of receiving Medicaid eligibility (as per RHO rules); and,
- those who enter the Nursing Home without ever having received HCBS.

Based on these selection criteria, all Medicaid recipients receiving HCBS or having a Nursing Home placement (and having previously received community supports) were identified. Based upon only those individuals in RHO who would possibly have been eligible for PACE, EOHHS used monthly data for SFY2014-SFY2016 and trended for SFY18 to estimate the RHO-equivalent proportion of eligible PACE enrollees who would be in Nursing Homes. To account for possible additional enrollees who might have moved into Nursing Homes had they not been enrolled in PACE, the percentages calculated in this way were increased by 60%.

EOHHS then applied to the Weighted Medical PMPM rate for each capitation group the following: Neighborhood Health Plan of Rhode Island (NHPRI) Medical Gain/Loss percentage; an Administrative PMPM; a Margin PMPM; a Dental PMPM; and a Non-Emergency Transportation Broker PMPM. To determine the Upper Payment Limits (UPLs) applicable to the PACE capitation groups for SFY2019, EOHHS applied a one-time inflator, using the 2018 CMS Home Health Agency Market Basket rate of 2.65% for each capitation group.

The PACE capitation group rates were then set at 98% of the calculated UPLs.

Finally, the applicable Patient Share amounts were subtracted in order to determine the actual capitation amounts to be paid by EOHHS.

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.

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

II. 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

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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.