State/Territory: California

Name and address of State Administering Agency, if different from the State Medicaid Agency

I. Eligibility

The State determines eligibility for PACE enrollees under rules applying to community groups.

A. _X_ The State determines eligibility for PACE enrollees under rules applying to institutional groups as provided for in section 1902(a)(10)(A)(ii)(VI) of the Act (42 CFR 435.217 in regulations). The State has elected to cover under its State plan the eligibility groups specified under these provisions in the statute and regulations. The applicable groups are: See Supplement 4, Attachment 3.1-A, Page 1.1.

(If this option is elected, please identify, by statutory and/or regulatory reference, the institutional eligibility group or groups under which the State determines eligibility for PACE enrollees. Please note that these groups must be covered under the State's Medicaid plan.)

B. ___ The State determines eligibility for PACE enrollees under rules applying to institutional groups, but chooses not to apply post-eligibility treatment of income rules to those individuals. (If this option is selected, skip to II – Compliance and State Monitoring of the PACE Program.)

C. _X_ The State determines eligibility for PACE enrollees under rules applying to institutional groups, and applies post-eligibility treatment of income rules to those individuals as specified below. Note that the post-eligibility treatment of income rules specified below are the same as those that apply to the State's approved HCBS waiver(s).

State of California
PACE State Plan Amendment Pre-Print

Medicaid Eligibility Groups Subject to Institutional Eligibility Rules

Individuals receiving services under the PACE Program are eligible under the following eligibility group(s) in the California State plan. The State will apply all applicable FFP limits under the plan.

1. _X_ The home and community-based group described under 42 CFR 435.217 (Individuals who would be eligible for Medicaid if they were in an institution, who have been determined to need PACE services in order to remain in the community, and who are covered under PACE).

   Spousal impoverishment rules are used in determining eligibility for the home and community-based group described in 42 CFR 435.271 but who are receiving services under PACE.

   _X_ A. Yes _____ B. No

   a. _X_ The PACE Program covers all individuals who would be eligible for Medicaid if they were in a medical institution and who need PACE Services in order to remain in the community.

State of California
PACE State Plan Amendment Pre-Print

Regular Post Eligibility

1. X SSI State. The State is using the post-eligibility rules at 42 CFR 435.726. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a). Sec. 435.726--States which do not use more restrictive eligibility requirements than SSI.

1. Allowances for the needs of the:
   (A.) Individual (check one)
   1.____The following standard included under the State plan (check one):
   (a) _____SSI
   (b) _____Medically Needy
   (c) _____The special income level for the institutionalized
   (d) _____Percent of the Federal Poverty Level: _____%
   (e) X Other (specify): An amount which represents the sum of (1) the income standard used to determine eligibility/share of cost and (2) any amounts of income disregarded during the Section 1902(a)(10)(A)(ii)(VI) eligibility phase.
   2._____The following dollar amount: $_____
   Note: If this amount changes, this item will be revised.
   3._____The following formula is used to determine the needs allowance:

_____

_____

Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items 2 and 3.

(B.) Spouse only (check one):

1.____ SSI Standard

State of California
PACE State Plan Amendment Pre-Print

2.____ Optional State Supplement Standard
3.____ Medically Needy Income Standard
4.____ The following dollar amount: $_____
Note: If this amount changes, this item will be revised.
5.____ The following percentage of the following standard this is not greater than the standards above:_____% of _____ standard.
6.____ The amount is determined using the following formula:
7._X__ Not Applicable (N/A)

(C) Family (check one):
1.____ AFDC need standard
2.____ Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3.____ The following dollar amount: $_____
Note: If this amount changes, this item will be revised.
4.____ The following percentage of the following standard that is not greater than the standards above:_____% of ____ standard.
5.____ The amount is determined using the following formula:
_____
_____
6.____ Other
7._X__ Not applicable (N/A)

(2) Medical and remedial care expenses in 42 CFR 435.726

State of California
PACE State Plan Amendment Pre-Print

Regular Post Eligibility

2.____ 209(b) State, a State that is using more restrictive eligibility requirements than SSI. The State is using the post-eligibility rules at 42 CFR 435.735. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a) 42 CFR 435.735 – States using more restrictive requirements than SSI.

1. Allowances for the needs of the:
   (A) Individual (check one)
   1.____ The following standard included under the State plan (check one):
   (a) ____ SSI
   (b) ____ Medically Needy
   (c) ____ The special income level for the institutionalized
   (d) ____ Percent of the Federal Poverty Level:_____%
   (e) ____ Other (specify):_____
2. ____ The following dollar amount: $_____
   Note: If this amount changes, this item will be revised.
3. ____ The following formula is used to determine the needs allowance.

_____

_____

Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items 2 and 3.

(B) Spouse only (check one):
1.____ The following standard under 42 CFR 435.121:

_____

2.____ The Medically needy income standard

_____

3.____ The following dollar amount: $_____
Note: If this amount changes, this item will be revised.

State of California
PACE State Plan Amendment Pre-Print

4.____ The following percentage of the following standard that is not greater than the standards above:_____% of _____
5.____ The amount is determined using the following formula:

_____

_____

6.____ Not applicable (N/A)

(C) Family (check one):
1.____ AFDC need standard
2.____ Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3.____ The following dollar amount: $_____
Note: If this amount changes, this item will be revised.
4.____ The following percentage of the following standard that is not greater than the standards above:_____% of _____ standard.
5.____ The amount is determined using the following formula:

_____

_____

6.____ Other
7.____ Not applicable (N/A)

(b) Medical and remedial care expenses specified in 42 CFR 435.735.

Spousal Post Eligibility

3._X__ 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

State of California
PACE State Plan Amendment Pre-Print

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, a family allowance, and an amount for incurred expenses for medical or remedial care, as specified in the State Medicaid plan.

(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. __X__Other (specify): An amount which represents the sum of (1) the income standard used to determine eligibility/share of cost and (2) any amounts of income disregarded during the Section 1902(a)(10)(A)(ii)(VI) eligibility phase.

(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:

Because this is the same amount that may be retained by individuals in the community to meet their needs.

State of California
PACE State Plan Amendment Pre-Print

II. 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 one of the following methodologies. Please attach a description of the negotiate rate setting methodology and how the State will ensure that rates are less than the cost in fee-for- service. See Supplement 4, Attachment 3.1-A, Page 7a.

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

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.

California Department of Health Care Services Capitated Rates Development Division assigned or contracted actuary.

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

State of California
PACE State Plan Amendment Pre-Print

Rate Setting Methodology for PACE

The Program of All-Inclusive Care for the Elderly (PACE) is a capitated program for individuals who are 55 years of age or older, that are eligible for placement in a Long-Term Care facility. Under a risk contract, Medicaid payments to the contractor, for a defined scope of services to eligible recipients, may not exceed 99.99% of the cost to the State of providing those same services to an actuarially equivalent non-PACE-enrolled population group.

Capitation rates paid under contracts between the State and PACE Organizations (POs) are to be developed using actuarial principles, including data developed from actual experience of the PACE population, in a manner consistent with Welfare and Institutions Code Section 14301.1(n), effective January 1, 2018.

A program-specific rate development template (RDT) will capture cost and utilization experience for each PO, separately for each county or region where the PO operates. The RDT will also capture total costs and eligibility reported by population group, as defined below:

Population Group	Definition
Part A&B	Medi-Cal enrollees with Medicare Part A & B coverage
Part A	Medi-Cal enrollees with Medicare Part A only coverage
Part B	Medi-Cal enrollees with Medicare Part B only coverage
Medi-Cal Only	Medi-Cal enrollees with no Medicare coverage

In the event the PO is unable to properly allocate the cost and utilization experience appropriately using the table above, the actuary will estimate the appropriate distribution of the data among the population groups. If this is necessary, the actuary will have final discretion in distributing the data.

POs are required to provide all medically necessary care for both the Medi-Cal population and Medi-Cal/Medicare dually eligible populations (Part A&B, Part A and Part B).

For the development of all PACE capitation rate cells (rate ranges), the actuary may utilize other data, including but not limited to historical FFS, PO encounter data, wage index information, medical services prices or indices, Medicare county factors, frailty/acuity risk scores and Medi-Cal managed care experience as comparison points for utilization and cost data reported on the RDT by POs.

All PACE capitation rate cells shall be developed using the PO reported RDT data, Medi-Cal only claims costs, and member months. For dually eligible populations, Medi-Cal costs shall be determined by taking the total costs with the consideration of other revenues and/or expenditures.

State of California
PACE State Plan Amendment Pre-Print

The total Medi-Cal costs and eligibility data by population group will then be grouped by Category of Aid (COA) to calculate the Medi-Cal Dual and Medi-Cal Non-Dual per member per month (PMPM) claim costs as defined below:

Category of Aid (COA)	Population Group
Medi-Cal Dual Rate	Part A & B
Medi-Cal Non-Dual Rate	Part A Only Part B Only Medi-Cal Only

A PO's total enrollment is inherently smaller than traditional managed care models. Because of the small enrollment size for some POs, plan-specific data for each PO may be subject to more variation and volatility, and therefore lack predictive value in forecasting future rates. For any PO that the actuary deems their total enrollment is not fully credible, the PO's capitation rates will be blended with other POs in the county or region, or using an adjacent, nearby, or similar county or region, as necessary.

Reasonable, appropriate and attainable utilization, unit cost/pricing and/or service mix adjustments will be applied to the underlying base data or as part of projection factors for the rate setting contract period as necessary.

Other potential factors considered in rate development may include, but is not limited to:

- Frailty/acuity levels: Because POs may enroll populations with differing frailty/acuity levels, these adjustments will be considered, particularly for new or expanded POs,
- Material program changes, where appropriate, will be applied to the base data, and/or prospectively from the effective date to the rate setting contract period,
- Trend factors, bringing utilization, unit cost/pricing and resulting PMPM costs from the base data time period to the rate setting contract period,
- Administrative loads developed with consideration of Medi-Cal administrative expenses and PACE model coordination of care,
- Underwriting gain for cost of capital and risk,
- Government mandated assessments, fees and taxes as appropriate.

Capitation rate ranges will be developed to reflect Medi-Cal costs only (not to include share of cost/patient liability or Medicare costs/administrative expenses).

State of California
PACE State Plan Amendment Pre-Print

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.