

## **Table of Contents**

**State/Territory Name:** Maryland

**State Plan Amendment (SPA) #:** 24-0004

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



**Managed Care Group**

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April 17, 2024

Laura Herrera Scott, MD, MPH  
Secretary of Health, Maryland Department of Health  
201 W. Preston Street, 5th Floor  
Baltimore, MD 21201

Re: Maryland State Plan Amendment (SPA) 24-0004

Greetings Secretary Scott:

The Centers for Medicare & Medicaid Services (CMS) completed the review of Maryland's State Plan Amendment (SPA) Transmittal Number MD-24-0004 submitted on February 27, 2024. The purpose of this SPA is to correct the typographical errors located in boxes 7 and 8 of CMS Form 179 for Medicaid PACE SPA MD-23-0001.

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 Maryland Medicaid SPA 24-0004 is approved with an effective date of January 1, 2023.

If you have any questions, please contact Kerston Crawford-Thorns at 214-767-6484 or via email at [kerston.crawford-thorns@cms.hhs.gov](mailto:kerston.crawford-thorns@cms.hhs.gov).



Bill Brooks  
Director  
Division of Managed Care Operations

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

1. TRANSMITTAL NUMBER <u>2 4</u> — <u>0 0 0 4</u>	2. STATE <u>MD</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
**January 1, 2023**

5. FEDERAL STATUTE/REGULATION CITATION  
**42 CFR 447.256**

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2023 \$ 0  
b. FFY 2024 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
**Supplement 3 to Attachment 3.1A pg. 11F (24-0004)  
Section 3 (24-0004)**

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
**Supplement 3 to Attachment 3.1A pg. 11F (08-04)  
Section 3 pg. 19c (02-8)**

9. SUBJECT OF AMENDMENT  
**This SPA is an administrative update to correct a clerical error involving the SPA IDs on the form 179 of SPA MD-23-0001.**

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:

12. TYPED NAME  
**Tricia Roddy**

13. TITLE  
**Deputy Medicaid Director**

14. DATE SUBMITTED  
**02/27/2024**

15. RETURN TO  
**Ryan Moran  
Medicaid Director  
Maryland Department of Health  
201 W. Preston St., 5th Floor  
Baltimore, MD 21201**

**FOR CMS USE ONLY**

16. DATE RECEIVED  
**03/01/2024**

17. DATE APPROVED  
**04/17/2024**

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
**01/01/2023**

19. **[Redacted]**

20. TYPED NAME OF APPROVING OFFICIAL  
**Bill Brooks**

21. TITLE OF APPROVING OFFICIAL  
**Director, Division of Managed Care Operations**

22. REMARKS

**State of Maryland**  
**PACE State Plan Amendment**

Citation 3.l(a)(l) Amount, Duration, and Scope of Services: Categorically Needy (Continued)

1905(a)(26) and 1934

X Program of All-Inclusive Care for the Elderly (PACE) services, as described and limited in Supplement 3 to Attachment 3.1-A.

ATTACHMENT 3.1-A identifies the medical and remedial services provided to the categorically needy. (Note: Other programs to be offered to Categorically Needy beneficiaries would specify all limitations on the amount, duration and scope of those services. As PACE provides services to the frail elderly population without such limitation, this is not applicable for this program. In addition, other programs to be offered to Categorically Needy beneficiaries would also list the additional coverage -that is in excess of established service limits-for pregnancy-related services for conditions that may complicate the pregnancy. As PACE is for the frail elderly population, this also is not applicable for this program.)

State of Maryland  
PACE STATE PLAN  
Rate-setting Methodology

The Department calculates the capitation rates for the PACE program using an Amount that Would Otherwise been Paid (AWOP) analysis, applying service-category specific cost trends to derive a per-member per-month amount for defined coverage groups reflecting age, gender, and region of the eligible population.

The methodology establishes a base period of two consecutive fiscal years' worth of data that reflect the trended Medicaid fee for service (FFS) costs of a population eligible for the PACE program, i.e., persons aged 55 and older, certified medically eligible for nursing facility level of care, and living within the PACE Organization's designated service area. Beginning with Calendar Year 2023, data will be gathered and rates calculated for each of the regions listed below, so that the costs used to develop PACE rates reflect these regions:

- 1) Baltimore Metro - Baltimore City and Anne Arundel, Baltimore, Cecil, Carroll, Harford, and Howard counties
- 2) Washington Metro - Calvert, Charles, Frederick, Montgomery, Prince George's, and St. Mary's counties
- 3) Rural - Allegany, Garrett, Washington, Caroline, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester counties

Participants already enrolled in Medicaid managed care programs (including PACE) are excluded from the comparison base. No adjustments for administrative costs associated with PACE are included, and certain categories of costs not associated with a PACE-eligible, nursing facility-certified population are excluded from the claims data.

To develop annual PACE rates, the Department re-bases the claims period by moving it forward one year, such that one year of the current two-year base period will have been included in the previous year's base. Each of the two base years' data is trended forward by category of service (i.e., acute care based upon the latest trend information for Medicaid costs, nursing facility costs based on the latest changes in nursing home rates, and home health and special service costs based on the latest available Medicaid FFS experience for the PACE-eligible participants).

Calculation of Capitation Rates

The two years of trended data are combined to calculate costs on a per-member per-month basis, subtotaled by age (under- or over-65), by eligibility group, and weighted by the expected mix of program participants receiving long term care services in institutional compared to community-based settings. The rates are then reduced by an assumption of 2% savings attributed to managed care, and blended rates determined, according to the following categories:

- 1) Ages 55-64, Medicaid-only
- 2) Ages 65 and over, Medicaid-only
- 3) Ages 55-64, Dual eligibility
- 4) Ages 65 and over, Dual eligibility
- 5) Ages 55-64, QMB
- 6) Ages 65 and over, QMB

TN# 24-0004  
Supersedes TN: 08-04

Approval Date:

Effective Date: 1/1/2023