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State/Territory Name: **New Jersey** / Region II

State Plan Amendment (SPA) #: **NJ-17-0011**

- 1) Approval Letter
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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
New York Regional Office
26 Federal Plaza, Room 37-100
New York, NY 10278



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS
DMCHO: ZYM: SPA-NJ-17-0011-Approval Letter

January 25, 2018

Meghan Davey
Director of Medical Assistance and Health Services
Department of Human Services
CN 12 Quakerbridge Plaza
Trenton, New Jersey 08625-0712

RE: Title XIX State Plan Amendment (SPA), Transmittal # NJ 17-0011


Dear Ms. Davey:

We have reviewed the proposed New Jersey State Plan Amendment 17-0011, which was submitted to the New York Regional Office on December 15, 2017. This SPA was submitted to update the methodology NJ uses to calculate the *amount would otherwise paid* (AWOP) for Program for All-Inclusive Care for the Elderly (PACE) rates to comply with NJ moving to managed care long term care (LTC).

Based on the information provided, the Medicaid State Plan Amendment 17-0011 was approved on January 25, 2018. The approved effective date of this amendment is November 23, 2017. We are enclosing the approved HCFA-179 inclusive of the pen and ink authorization and the approved plan page.

If you have any additional questions or need further assistance, please contact Yvette Moore at (646) 694-0915 or Yvette.Moore@cms.hhs.gov.

Sincerely,


Michael Melendez, LMSW
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:

2. STATE

17-0011 MA NJ

New Jersey

FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
November 23, 2017

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
Social Security Act Section 1902 a(10)(A)(ii)(VI) and 42 CFR
435.217

7. FEDERAL BUDGET IMPACT
a. FFY 2018:\$0
b. FFY 2019:\$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement 3 to Attachment 3.1 A Page 10

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Same

10. SUBJECT OF AMENDMENT:

Program of All-Inclusive Care for the Elderly (PACE) Amount Would Otherwise Have Paid (AWOP) Determination and Capitated Rate Setting

11. 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:

Not required, pursuant to 7.4 of the Plan

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Elizabeth Connolly

14. TITLE: Acting Commissioner, Department of Human Services

15. DATE SUBMITTED: 12/15/17

16. RETURN TO:

Meghan Davey, Director
Division of Medical Assistance and Health Services
P.O. Box 712, #26
Trenton, NJ 08625-0712

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

JANUARY 25, 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

NOVEMBER 23, 2017

21. TYPED NAME:

MICHAEL MELENDEZ

20. SIGNATURE OF REGIONAL OFFICIAL:

22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR
DIVISION OF MEDICAID & CHILDREN'S HEALTH

23. REMARKS:

Pen & Ink Authorization:

Block 6: add 42 CFR 468.182.2

Program of All-Inclusive Care for the Elderly (PACE) Amount Would Otherwise Have Paid (AWOP) Determination and Capitated Rate Setting

The PACE amounts that would otherwise have paid (AWOPs) (formerly Upper Payment Limits (UPLs)) are developed in accordance with generally accepted actuarial principles and practices by actuaries meeting the qualification standards of the American Academy of Actuaries. The AWOP is reset annually for the state fiscal year based on the estimated amounts payable for alternative managed care programs (currently Managed Long Term Care Services and Supports (MLTSS) that includes nursing facilities).

PACE providers receive their capitation payment amounts approximately two months before the effective date of the payment. The percentage of the AWOP chosen meets the following conditions:

- It is less than the amount that would have otherwise have been paid under the State Plan if the participants were not enrolled under the PACE program (i.e., efficiency of the PACE program).
- It takes into account the comparative frailty of the PACE participants (i.e., acuity of the population).
- It is a fixed amount regardless of changes in the participant's health status.
- It is annually revised based on expected changes in utilization, cost of PACE services, acuity changes, or other State-determined factors with the effective date of the new State fiscal year.
- It is payment in full for Medicaid participants except for payment with respect to spenddown or amounts due under post-eligibility treatment of income or Medicare payment received from CMS or from other payers as outlined in federal regulation.

17-0011-MA (NJ)

TN: 17-0011-MA (NJ)

Approval Date 01/25/2018

Supersedes 13-05-MA (NJ)

Effective Date 11/23/2017