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**State/Territory Name: Oregon**

**State Plan Amendment (SPA) #: 14-05**

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  
Seattle Regional Office  
701 Fifth Avenue, Suite 1600, MS/RX-200  
Seattle, Washington 98104



**Division of Medicaid & Children's Health Operations**

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Suzanne Hoffman, Acting Director  
Oregon Health Authority  
500 Summer Street Northeast, E-15  
Salem, Oregon 97301-1079

**SEP 17 2014**

**RE: Oregon State Plan Amendment (SPA) Transmittal Number 14-05**

Dear Ms. Hoffman:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of Oregon State Plan Amendment (SPA) Transmittal Number 14-05. This amendment modifies the rate methodology for the Programs for the All-Inclusive Care of the Elderly (PACE) aligning payment with the Oregon Health Authority's (OHA) performance-based reimbursements.

This SPA is approved effective April 1, 2014, as requested by the state.

The CMS appreciates the efforts and cooperation of Oregon's leadership and staff throughout the review process. Please direct any questions regarding this matter to me, or have your staff contact Jennifer Lutz-Stucky at either 206-615-2422 or via email at [Jennifer.Stucky@cms.hhs.gov](mailto:Jennifer.Stucky@cms.hhs.gov).

Sincerely,

A black rectangular box redacting the signature of Carol J.C. Peverly.

Carol J.C. Peverly  
Associate Regional Administrator  
Division of Medicaid and Children's Health  
Operations

cc:

Judy Mohr Peterson, Medicaid Director  
Rhonda Busek, Interim Director, DMAP  
Jesse Anderson, State Plan Manager, DMAP  
Erinn Kelley-Siel, Director, Department of Human Services  
Angela Taube, CMS Central Office (electronic copy)

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

1. TRANSMITTAL NUMBER:  
**14-05**

2. STATE  
Oregon

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
**4/1/14**

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:  
1905(a)(26) and 1934

7. FEDERAL BUDGET IMPACT:  
a. FFY 2014    \$ 417,300  
b. FFY 2015    \$ 834,600

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement 2 to Attachment 3.1-A, page 9

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Supplement 2 to Attachment 3.1-A, page 9

10. SUBJECT OF AMENDMENT: This transmittal is being submitted to modify the PACE rate methodology to better align payment methodologies with OHA objectives on paying for performance.

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:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME Rhonda Busek

14. TITLE: Interim Director, Division of Medical Assistance  
Programs

15. DATE SUBMITTED:

*6-19-14* *6/28/14*

16. RETURN TO:

Division of Medical Assistance Programs  
Oregon Health Authority  
500 Summer Street NE E-35  
Salem, OR 97301

ATTN: Jesse Anderson, State Plan Manager

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

**6/28/14**

18. DATE APPROVED: 9/17/2014

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
4/01/2014

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Carol J.C. Peverly

22. TITLE: Associate Regional Administrator  
Division of Medicaid &  
Children's Health

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State/Territory: OREGON

AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL  
CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

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PACE Rate Methodology and Upper Payment Limit Calculation (cont)

The general process by which the LTC UPL was calculated is as follows:

1. The data file containing identification information and dates of eligibility for PACE-eligible individuals in PACE service area is created. PACE participants were excluded from this population.
2. This eligibility information was matched against the LTC claims data to create the claims experience for the PACE-eligible population.
3. Claim data was summarized to obtain information on total amounts for the data period by service category and LTC service priority level groupings.
4. The PACE eligibility information is used to develop member months of eligibility. These figures were then used as the denominator in the calculation of per capita costs.
5. Trend rates were developed for various service categories.
6. Total projected LTC costs PMPM were calculated for each demographic grouping.

Final Upper Payment Limits

The per capita costs reflect the expected claims costs per person per month under each delivery system, plus an administrative allowance. Since PACE enrollees can come from either fee-for-service or managed care, these costs are blended based on the distribution of PACE eligible member months between the delivery systems. Smoothing techniques were applied to the UPLs to mitigate the effects of small populations in certain cohorts. A percentage of each UPL is used for the LTC and acute care portion of the PACE rate. The PACE rate is currently paid by four eligibility categories; Blind & Disabled (age 55-64) with and without Medicare and Old Age Assistance (age 65+) with and without Medicare.

In addition to the prospective monthly capitation payment, the state may make a retrospective supplemental per member per month payment to a PACE organization if they meet specified performance measures for the reporting period. The state ensures the combined PMPM PACE capitation rate and the supplemental PMPM performance incentive payment will be less than the UPL for the eligibility category.

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TN No. 14-05  
Supersedes TN 13-06

Approval Date:  
9/17/2014

Effective Date 4/1/14