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**RATE METHODOLOGY****For LIFE Sites Operating Under Medicare and Medicaid Capitation  
Program of All-inclusive Care for the Elderly**

The Department will determine on an annual basis the rates paid to the Program of All-Inclusive Care for the Elderly (PACE) plans as a percentage of the Upper Payment Limit (UPL). The UPL is based on fee-for-service (FFS) costs derived from a comparable population (55 or older) of nursing facility and Home and Community-Based Services (HCBS) eligibles. In order to develop the UPL, the data from sub-populations (Dually Eligible and Non-Dually Eligible) of nursing facility and HCBS clients was blended into the final UPL table. Paid FFS claims were the source data for the UPL calculation. Detailed claims data was obtained from the State's Provider Reimbursement and Operations Management Information System (PROMISe). The UPL percentage will be determined annually after negotiation with the LIFE providers and consideration of differences between the FFS population from which the PACE UPL is developed and the actual enrollment in the PACE plans including relative acuity.

The following two groups will be used to determine payment for PACE:

Dually Eligible Individuals (Medicaid and Medicare)

Non-Dually Eligible Individuals (Medicaid only)

The State assures CMS that the capitated rates are less than comparable FFS costs as defined by the PACE UPL.

STATE: COMMONWEALTH OF PENNSYLVANIA

[Reserved]