

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
1301 Young Street, Room 833
Dallas, Texas 75202



Division of Medicaid & Children's Health, Region VI

January 15, 2010

Our Reference: SPA TX 09-029

Mr. Billy Millwee
Interim Associate Commissioner for Medicaid & CHIP
Health and Human Services Commission
Post Office Box 13247
Mail Code: H100
Austin, Texas 78711

Dear Mr. Millwee:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 09-029, dated October 22, 2009. The purpose of this plan amendment is to modify the reimbursement methodology for the Program for All Inclusive Care for the Elderly (PACE). The amendment allows for higher levels of managed care savings; adds language for appropriate actuarial adjustments to be made for statistical outliers, small populations, programmatic changes, catastrophic events, or other economic changes; and allows other sources of data to be considered and used as deemed necessary.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of October 1, 2009. A copy of the CMS-179 and the approved plan pages are enclosed with this letter.



If you have any questions, please contact Ford J. Blunt at (214) 767-6381.

Sincerely,

Bill Brooks
Associate Regional Administrator

Enclosures

cc: Tamela Griffin, Policy Development Support

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 09-029	2. STATE: TEXAS
		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: October 1, 2009	
5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Section 460.182		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2010 \$ (1,564,136) b. FFY 2011 \$ (1,383,691) c. FFY 2012 \$ (1,461,909)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT	
10. SUBJECT OF AMENDMENT: The proposed amendment will modify the reimbursement methodology for the Program for All Inclusive Care for the Elderly (PACE). The amendment allows higher levels of managed care savings; adds language allowing for appropriate actuarial adjustments to be made for statistical outliers, small populations, programmatic changes, catastrophic events, or other economic changes; and allows other sources of data to be considered and used as deemed necessary.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Chris Traylor State Medicaid Director Post Office Box 85200 Austin, Texas 78711-5200	
13. TYPED NAME: Chris Traylor			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: October 22, 2009			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 22 October, 2009		18. DATE APPROVED: 15 January, 2010	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 October, 2009		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Div of Medicaid & Children's Health	
23. REMARKS:			

Attachment to Blocks 8 & 9 to CMS Form 179

Transmittal No. TX 09-029, Amendment No. 875

**Number of the
Plan Section or Attachment**

Supplement 3 to Attachment 3.1-A
Page 6b

**Number of the Superseded
Plan Section or Attachment**

Supplement 3 to Attachment 3.1-A
Page 6b (TN 03-014)

STATE	<u>Texas</u>	A
DATE REC'D	<u>10-22-09</u>	
DATE APPV'D	<u>1-15-2010</u>	
DATE EFF	<u>10-1-09</u>	
HCFA 179	<u>09-29</u>	

- (4) To determine an average monthly historical cost for the counties served by each PACE contract, the total historical fee-for-service claims data for the counties served by each PACE contract are divided by the number of member months for the counties served by each PACE contract.
- (5) To the average monthly historical cost per client is added a per member month amount for:
- (i) processing claims based on the state's cost to process claims under the fee-for-service payment system; and
 - (ii) case management based on the state's cost to provide case management under the fee-for service payment system for CBA clients.
- (6) The sum of the average monthly historical cost per client for each PACE contract and the amounts from (5) above are projected from the claims data base period identified in (c)(1) to the rate period to account for anticipated changes in costs for each PACE contract. The methodology used for trending historical costs for calculating PACE UPLs and rates is comparable to that used for trending fee-for-service costs.

The PACE Upper Payment Limit (UPL) method can be adjusted as determined actuarially appropriate for statistical outliers, small populations, programmatic changes, catastrophic events, or other economic changes. Other sources of data may be considered and used as deemed necessary for the purpose of providing sufficient data for calculation of an appropriate UPL.

- (d) The upper payment limit for QMBs is determined on a statewide basis using the average cost incurred by Medicaid for Medicare co-insurance and deductibles.
- (e) Payment rate determination. There are three reimbursement rates calculated for each PACE contract: one for clients eligible only for Medicaid services, one for clients eligible for both Medicare and Medicaid services, and one for clients eligible for only Medicare services as Qualified Medicare Beneficiaries (QMBs). The payment rates for each of the three categories of clients for each PACE contract are determined by multiplying the upper payment limits calculated for each PACE contract by a factor no greater than 0.95.
- (f) Reporting of cost. HHSC may require the PACE contractor to submit financial and statistical information on a cost report or in a survey format designated by HHSC. Cost report completion is governed by the requirements of the Cost Determination Process. HHSC may also require the PACE contractor to submit audited financial statements.

SUPERSEDES: TN- 03-14

TN No. 09-29

Approval Date 1-15-2010

Effective Date 10-1-09

Supersedes TN No. 03-14

Marks, Marsha L. (CMS/SC)

From: Marks, Marsha L. (CMS/SC)
Sent: Thursday, January 21, 2010 11:49 AM
To: CMS SPA_Waivers_FMG_DRSF_NIRT_CO
Cc: Blunt, Ford J. (CMS/SC); Prisby, Karen L. (CMS/CMCHO); WARD, LYNN V. (CMS/SC); Spencer, Rene (CMS/CMCHO); 'Weems,Leslie'; 'Zalkovsky,Emily'; 'Sager,Beatrice'
Subject: Approval Pkg for TX 09-29
Attachments: Final Approval Pkg for 09-29.pdf; TX0929APPROVAL.doc

See Attached.

State: Texas

Brief Description: This amendment modifies the methodology for PACE. It allows for higher levels of managed care savings; adds language allowing for appropriate actuarial adjustments to be made for statistical outliers, small populations, programmatic changes, catastrophic events, or other economic changes; and allows other sources of data to be considered and used as deemed necessary.

Approval Date: 15 January, 2010

Effective Date: 1 October, 2009

Marsha Marks // Dept of Health & Human Services // Centers for Medicare & Medicaid Services // Dallas Regional Office // Division of Medicaid & Children's Health // Dallas Texas 75202 // 214-767-6280 // Fax 214-767-0322 // marsha.marks@cms.hhs.gov