

## **Table of Contents**

**State/Territory Name: Wisconsin**

**State Plan Amendment (SPA) #: 19-0003**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
233 N. Michigan Avenue, Suite 600  
Chicago, Illinois 60601-5519



## **Regional Operations Group**

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June 25, 2019

Jim Jones, Medicaid Director  
Division of Medicaid Services  
Wisconsin Department of Health Services  
1 West Wilson Street, Room 350  
Madison, WI 53702

ATTN: Laura Brauer, SPA Coordinator

RE: Transmittal Number (TN) 19-0003

Dear Mr. Jones:

Enclosed for your records is an approved copy of the following State Plan Amendment (SPA):

SPA TN 19-0003: Modify PACE Rate Methodology To Use Manage Care Data Rather Than Legacy Waiver Data

Effective Date: January 1, 2019

Approval date: June 3, 2019

If you have any questions, please have a member of your staff contact Mai Le-Yuen at (312) 353-2853 or by email at [mai.le-yuen@cms.hhs.gov](mailto:mai.le-yuen@cms.hhs.gov).

Sincerely,

/s/

Ruth A. Hughes  
Deputy Director  
Center for Medicaid and CHIP Services  
Regional Operations Group

Enclosures

cc: Karl Hauth, DHS  
Laura Brauer, DHS

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

1. TRANSMITTAL NUMBER:  
**19-0003**

2. STATE  
**Wisconsin**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

3. PROGRAM IDENTIFICATION: **Title XIX Of The  
Social Security Act (Medicaid)**

TO: **Regional Administrator  
Health Care Financing Administration  
Department Of Health And Human Services**

4. PROPOSED EFFECTIVE DATE  
**01/01/2019**

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:  
**Sections 1894, 1905(a), and 1934 of the Social Security  
Act**

7. FEDERAL BUDGET IMPACT:  
a. FFY 2019 ..... **\$0K**  
b. FFY 2020 ..... **\$0K**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

**Attachment 2.2-A, Supplement 2, Pages 7 to 9**

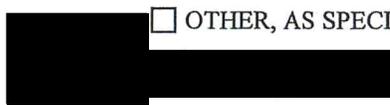
9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*):

**Same**

10. SUBJECT OF AMENDMENT:

**Modify PACE rate methodology to use managed care data rather than legacy waiver data.**

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:

**Jim Jones**

14. TITLE:

**State Medicaid Director**

15. DATE SUBMITTED:

**03/22/2019**

16. RETURN TO:

**Jim Jones  
State Medicaid Director  
Division of Medicaid Services  
1 W. Wilson St.  
P.O. Box 309  
Madison, WI 53701-0309**

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

**March 22, 2019**

18. DATE APPROVED:

**June 3, 2019**

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

**January 1, 2019**

20. SIGNATURE OF REGIONAL OFFICIAL:

**/s/**

21. TYPED NAME:

**Ruth A. Hughes**

22. TITLE:

**Deputy Director**

23. REMARKS:

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

## II. Rates and Payments

A. The State assures CMS that the capitated rates will be equal to or less than the cost to the agency of providing those same fee-for-service State plan approved services on a fee for service basis, to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the cost in fee-for-service.

1. \_\_\_ Rates are set at a percent of fee-for-service costs
2. \_\_\_ Experience-based (contractors/State's cost experience or encounter date)  
(please describe)
3. \_\_\_ Adjusted Community Rate (please describe)
4. X Other (please describe)

**Summary of Methodology to Calculate Capitation Rates and Amount that Would have  
Otherwise been Paid for the PACE Program in Wisconsin**

**The Wisconsin PACE program covers enrollees if they meet the nursing home admission criteria and are age 55 or over. The PACE rates are based on encounter data and functional status for a nursing home eligible population age 55 years or over.**

**The amount that would have otherwise been paid (AWOP) is calculated by developing what would be an actuarially sound rate for the populations, services, and program requirements of the PACE program in Wisconsin. The most recent year of historical acute and primary care claims data for Family Care Partnership enrollees is used as the basis for calculating the rate year's acute and primary care component of the AWOP per member per month (PMPM). The most recent two years of historical long-term care claims data for Family Care enrollees are used as the basis for calculating the rate year's long-term care component of the AWOP PMPM. Both Family Care and Family Care Partnership, like the PACE program, are Managed Long-Term Care programs in Wisconsin under which managed care organizations provide long-term care services to individuals who meet the nursing home admission criteria. Family Care Partnership is an integrated program that provides acute and primary care services in addition to long-term care services. The costs and utilization under these programs, with appropriate adjustments for population differences, are therefore reasonable proxies for the PACE program.**

**The trends from the base data year to the rate years are calculated based on analysis of historical data, the State's historical Medicaid Managed Care inflation rates, and consideration of factors impacting the prospective use and cost of care. An AWOP PMPM is calculated based on costs and eligibility for fully integrated Medicare and Medicaid managed long term services and supports programs.**

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

**Final rates will be set at a PMPM amount that is less than the AWOP. The PACE rate report will include a description of the base period data used and will demonstrate that the population is consistent with the fragility and age of the PACE participants. The PACE rate report will also specify that the base data meets CMS data source, time period, and AWOP requirements.**

**The State may choose to withhold a percentage of the capitation rate to be paid back to the PACE organization based on whether the organization meets identified performance benchmarks. The percentage of funding withheld and a general description of the performance metrics and benchmarks will be included in the PACE rate report. The amount of the prospective payment the PACE organization receives and the performance incentive they are paid will not exceed the AWOP on a PMPM basis. The PACE rate report will describe data assumptions and adjustments such as completion factors, trend factors and non-benefits costs. Any incentive arrangements will be disclosed.**

**The PACE rate report exhibits will include a comparison of the final rates by rate cell to the amounts that otherwise would be paid and the projected member months for each rate cell.**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

- B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner. Please list the name, organizational affiliation of any actuary used, and attestation/description for the initial capitation rates.

**Actuary:**  
**Michael C. Cook, FSA, MAAA**  
**Principal and Consulting Actuary**  
**Milliman**  
**15800 Bluemound Road**  
**Suite 100**  
**Brookfield, WI 53005**  
**(262) 784-2250**

- C. The State will submit all capitated rates to the CMS Regional Office for prior approval.

III. Enrollment and Disenrollment

The State assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the State and the State Administering Agency. The State assures that it has developed and will implement procedures for the enrollment and disenrollment of participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective monthly payment was based and the actual number of participants in that month.