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**State/Territory Name: Washington State**

**State Plan Amendment (SPA) #:20-0020**

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
601 E. 12th St., Room 355  
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

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March 4, 2021

Susan Birch, Director  
MaryAnne Lindeblad, Medicaid Director  
Health Care Authority  
Post Office Box 45502  
Olympia, WA 98504-5010

Re: Washington State Plan Amendment (SPA) 20-0020 (PACE)

Dear Ms. Birch and Ms. Lindeblad:

The Centers for Medicare & Medicaid Services (CMS) completed review of Washington's State Plan Amendment (SPA) Transmittal Number 20-0020 submitted on December 11, 2020. The purpose of this SPA is to provide a more thorough explanation of the PACE rate determination methodology and to align with current rate setting practices.

We conducted our review of this amendment according to statutory requirements of Title XIX of the Social Security Act and implementing Federal regulations. This letter is to inform you that Washington Medicaid SPA Transmittal Number 20-0020 is approved effective November 1, 2020.

If you have any questions regarding this amendment, please contact Rick Dawson at (206) 615-2387 or via email at [Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov).

Sincerely,

/s/

Bill Brooks  
Director  
Division of Managed Care Operations

cc: Ann Myers, HCA  
Lynn DelVecchio, DMCO  
Angela Cimino, CMS

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: <b>20-0020</b>	2. STATE Washington
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		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 November 1, 2020	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ):			
<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 ( <i>Separate Transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION: 1902(a) of the Social Security Act; 42 CFR 432.217		7. FEDERAL BUDGET IMPACT: a. FFY 2021 \$0 b. FFY 2022 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Supplement 3 to Attachment 3.1-A pages <del>1, 8, 9, 10, 11, 12, 13</del> 1 through 6. Numbered Page 19c (new).		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Supplement 3 to Attachment 3.1-A pages <del>1, 8, 9, 10, 11,</del> <del>12,</del> 1 through 6. Pages 7 through 14 removed.	
10. SUBJECT OF AMENDMENT:  PACE Update			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Exempt	
<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: /s/		16. RETURN TO: Ann Myers Rules and Publications Division of Legal Services Health Care Authority 626 8 <sup>th</sup> Ave SE MS: 42716 Olympia, WA 98504-2716	
13. TYPED NAME: MaryAnne Lindeblad			
14. TITLE: Director			
15. DATE SUBMITTED: 12/10/2020			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 12/10/2020		18. DATE APPROVED: 03/04/2021	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 11/01/2020		20. SIGNATURE OF REGIONAL OFFICIAL: /s/	
21. TYPED NAME: Bill Brooks		22. TITLE: Director, Division of Managed Care	
23. REMARKS: Pen and ink changes to blocks 8 and 9 authorized by state agency via email dated 02/08/2021.			

## PACE State Plan Amendment Preprint

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAMState/Territory: WASHINGTON

Citation 3.1(a)(1) Amount, Duration, and Scope of Services: Categorically Needy (Continued)

1905(a)(26) and 1934

 Program of All-Inclusive Care for the Elderly (PACE) services, as described and limited in Supplement 3 to Attachment 3.1-A.

ATTACHMENT 3.1-A identifies the medical and remedial services provided to the categorically needy. (Note: Other programs to be offered to Categorically Needy beneficiaries would specify all limitations on the amount, duration and scope of those services. As PACE provides services to the frail elderly population without such limitation, this is not applicable for this program. In addition, other programs to be offered to Categorically Needy beneficiaries would also list the additional coverage -that is in excess of established service limits- for pregnancy-related services for conditions that may complicate the pregnancy. As PACE is for the frail elderly population, this also is not applicable for this program.)

**PRA Disclosure Statement** The purpose of the PRA package is to provide a mechanism for states who voluntarily elect to provide medical assistance under Section 1934(a)(1) with respect to PACE program services to PACE program eligible individuals who are eligible for medical assistance under the State plan and who are enrolled in a PACE program under a PACE program agreement. 42 CFR 460.2 implements sections 1895, 1905(a), and 1934 of the Act, which authorizes the establishment of PACE as a State option under Medicaid to provide for Medicaid payment to, and coverage of benefits under, PACE. Under the Privacy Act of 1974 any personally identifying information obtained will be kept private to the extent of the law. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1027 (Expires: 06/30/2023). The time required to complete this information collection is estimated to average 20 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

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**PACE State Plan Amendment Pre-Print**

Name and address of State Administering Agency, if different from the State Medicaid Agency.

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**Regular Post Eligibility**

The state applies post-eligibility treatment of income rules to PACE participants who are eligible under section 1902(a)(10)(A)(ii)(VI) of the Act (42 C.F.R. §435.217 of the regulations).

Yes  No

Post-eligibility for states that have elected to apply the rules to PACE participants

Note: Section 2404 of the Affordable Care Act mandated that, for the five-year period beginning January 1, 2014, the definition of an "institutionalized spouse" in section 1924(h)(1) of the Social Security Act include all married individuals eligible for certain home and community-based services (HCBS), including HCBS delivered through 1915(c) waivers. As of this writing, the ACA provision has been extended through December 31, 2019. This means that married individuals eligible in the eligibility group described at 42 C.F.R. §435.217 must have their post-eligibility treatment-of-income rules determined under the rules described in section 1924(d). Because states that elect to apply post-eligibility treatment-of-income rules to PACE participants may only do so to the same extent the rules are applied to individuals eligibility under 42 C.F.R. §435.217, application of the post-eligibility treatment-of-income rules must be applied to married individuals receiving PACE services consistent with the provisions described herein under "Spousal post-eligibility" so long as the amendment to section 1924 of the Act made by the ACA remains in effect.

**1. 1634 and SSI States**

The State applies the post-eligibility rules to individuals who are receiving PACE services and are eligible under 42 C.F.R. §435.217 consistent with the rules of 42 C.F.R. §435.726, and, where applicable, section 1924 of the Act. Payment for PACE services is reduced by the amount remaining after deducting the following amounts on the PACE enrollee's income.

1. Allowances for the maintenance needs of the individual (check one):
  1. The amount deducted is equal to:
    - (a)  The SSI federal benefit rate
    - (b)  Medically Needy Income Level (MNIL)
    - (c)  The special income level standard for the institutionalized individuals eligible under section 1902(a)(10)(A)(ii)(V) of the Act
    - (d)  Percentage of the Federal Poverty Level: \_\_\_\_\_%
    - (e)  Other (specify): \_\_\_\_\_

2.  The following dollar amount: \$ \_\_\_\_\_

Note: If this amount changes, this item will be revised.

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3.  The following formula is used to determine the needs allowance:
1. For recipients who live in their own home, the personal needs allowance is 100% of the federal poverty level (FPL).
  2. For recipients who live in state-contracted residential facility (e.g. adult family home, assisted living facility), the personal needs allowance is 100% of the federal benefit rate (FBR).

In addition to the personal needs allowance in (1) or (2), an allowance will be made for (when applicable):

- a) Any court ordered payee and/or guardianship fees;
- b) Any court-ordered guardianship-related costs; plus or related administrative costs; plus
- c) An amount for employed individuals equal to the first \$65 of the recipient's earned income, plus one-half of any remaining earned income.

In any case, the total deductions under (1) or (2), plus additional deductions of (a), (b), and (c), will not exceed 300% of the federal benefit rate.

Note: If the amount protected for a PACE enrollee in item 1 is equal to, or greater than, the PACE enrollee's income, enter N/A in items 2 and 3.

2. Allowance for the maintenance needs of the spouse:

The amount deducted for the PACE enrollee's spouse is equal to:

1.  The SSI federal benefit rate
2.  Optional State Supplement Standard
3.  Medically Needy Income Level Standard
4.  The following dollar amount (provided it does not exceed the amount(s) described in 1-3): \$ \_\_\_\_\_
5.  The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_% of \_\_\_\_\_ standard.
6.  Not applicable (N/A)

3. Allowance of the maintenance needs of the family (check one):

1.  AFDC need standard
2.  Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3.  The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
4.  The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_% of \_\_\_\_\_ standard.

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5.\_\_\_\_ The amount is determined using the following formula:

\_\_\_\_\_

6.\_\_\_\_ Other

7.\_\_\_\_ Not applicable (N/A)

4. Allowance for medical and remedial care expenses, as described in 42 CFR 435.726(c)(4).

**2. 209(b) States,**

The State applies the post-eligibility rules to individuals who are receiving PACE services and are eligible under 42 C.F.R. §435.217 consistent with the rules of 42 C.F.R. §435.735, and, where applicable, section 1924 of the Act. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

1. Allowances for the maintenance needs of the individual (check one):

1. The amount deducted is equal to:

(a) \_\_\_\_ The SSI federal benefit rate

(b) \_\_\_\_ Medically Needy Income Level (MNIL)

(c) \_\_\_\_ The special income level standard for the institutionalized individuals eligible under section 1902(a)(10)(A)(ii)(V) of the Act

(d) \_\_\_\_ Percentage of the Federal Poverty Level: \_\_\_\_%

(e) \_\_\_\_ Other (specify): \_\_\_\_\_

2. \_\_\_\_ The following dollar amount: \$\_\_\_\_\_

Note: If this amount changes, this item will be revised.

3. \_\_\_\_ The following formula is used to determine the needs allowance:

\_\_\_\_\_

Note: If the amount protected for a PACE enrollee in item 1 is equal to, or greater than, the PACE enrollee's income, enter N/A in items 2 and 3.

2. Allowance for the maintenance needs of the spouse:

The amount deducted for the PACE enrollee's spouse is equal to:

1. \_\_\_\_ The more restrictive income standard established under 42 C.F.R. §435.121

2. \_\_\_\_ Optional State Supplement Standard

3. \_\_\_\_ Medically Needy Income Level Standard

4. \_\_\_\_ The following dollar amount (provided it does not exceed the amount(s) described in 1-3): \$\_\_\_\_\_

5. \_\_\_\_ The following percentage of the following standard that is not greater than the standards above: \_\_\_\_% of \_\_\_\_ standard.

6. \_\_\_\_ Not applicable (N/A)

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

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3. Allowance of the maintenance needs of the family (check one):

1.  AFDC need standard
2.  Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3.  The following dollar amount: \$\_\_\_\_\_
- Note: If this amount changes, this item will be revised.
4.  The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_% of \_\_\_\_\_ standard.
5.  The amount is determined using the following formula:  
\_\_\_\_\_  
\_\_\_\_\_
6.  Other
7.  Not applicable (N/A)

4. Allowance for medical and remedial care expenses, as described in 42 CFR 435.735 (c)(4).

**Spousal Post Eligibility**

State uses the post-eligibility rules of Section 1924 of the Act (spousal impoverishment protection) to determine the individual's contribution toward the cost of PACE services if it determines the individual's eligibility under section 1924 of the Act. There shall be deducted from the individual's monthly income a personal needs allowance (as specified below), and a community spouse's allowance consistent with the minimum monthly maintenance needs allowance described in section 1924(d), a family allowance, for each family member, calculated as directed by section 1924(d)(1)(C), and an amount for incurred expenses for medical or remedial care, as specified in the State Medicaid plan.

Yes  No

**Note: states must elect the use the post-eligibility treatment-of-income rules in section 1924 of the Act in the circumstances described in the preface to this section.**

(a.) Allowances for the needs of the:

1. Individual (check one)
  - (A).  The following standard included under the State plan (check one):
    1.  SSI
    2.  Medically Needy
    3.  The special income level for the institutionalized
    4.  Percent of the Federal Poverty Level: \_\_\_\_\_%5.
    - \_\_\_\_\_ Other (specify): \_\_\_\_\_

- (B).  The following dollar amount: \$\_\_\_\_\_
- Note: If this amount changes, this item will be revised.



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(C)\_\_\_\_\_The following formula is used to determine the needs allowance:

\_\_\_\_\_

\_\_\_\_\_

If this amount is different than the amount used for the individual's maintenance allowance under 42 CFR 435.726 or 42 CFR 435.735, explain why you believe that this amount is reasonable to meet the individual's maintenance needs in the community:

\_\_\_\_\_

\_\_\_\_\_

II. Rates and Payments

- A. The State assures CMS that the capitated rates will be less than the cost to the agency of providing State plan approved services 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 amount the state would have otherwise paid for a comparable population.

**Amount that Would Otherwise have been Paid (AWOP) and Rate Methodology**

The AWOP is based on fee-for-service (FFS) costs derived from: a population of nursing home and HCBS eligibles located in comparable county(s) with comparable age (55 or older), gender, clinical complexity, and care settings. In order to develop the AWOP, the data from sub-populations of nursing home and HCBS clients is blended into the final AWOP table. In lieu of FFS costs, the capitated managed care behavioral health rates of the Statewide model for a population comparative to PACE are used, unchanged, as the behavioral health component of the PACE AWOP. Incurred claims are the source data for the AWOP calculation. Detailed claims data is obtained from the State's payment system. The State assures CMS that the capitated rates are less than comparable FFS costs as defined by the PACE AWOP.

The following four groups, as approved by CMS, will be used to determine payment for PACE:

Medicaid Eligible Only, age 64 and under;  
Medicaid Eligible Only, age 65 and above;  
Medicaid & Medicare Eligible, age 64 and under;  
Medicaid & Medicare Eligible, age 65 and above.

- 1.\_\_\_\_ Rates are set at a percent of the amount that would otherwise been paid for a comparable population.
- 2.\_\_\_\_ Experience-based (contractors/State's cost experience or encounter date)(please describe)
- 3.\_\_\_\_ Adjusted Community Rate (please describe)
4. X Other (please describe)

Rates are based on FFS Medicaid data, but adjusted for the demographics and living situation of each PACE organization, as available. Rates include a provision of administrative costs and risk margin.

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B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner.

C. The State will submit all capitated rates to the CMS Regional Office for prior approval, and will include the name, organizational affiliate of any actuary used, and attestation/description of the capitation rates.

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.

***PRA Disclosure Statement*** The purpose of the PRA package is to provide a mechanism for states who voluntarily elect to provide medical assistance under Section 1934(a)(1) with respect to PACE program services to PACE program eligible individuals who are eligible for medical assistance under the State plan and who are enrolled in a PACE program under a PACE program agreement. 42 CFR 460.2 implements sections 1895, 1905(a), and 1934 of the Act, which authorizes the establishment of PACE as a State option under Medicaid to provide for Medicaid payment to, and coverage of benefits under, PACE. Under the Privacy Act of 1974 any personally identifying information obtained will be kept private to the extent of the law. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1027 (Expires: 06/30/2023). The time required to complete this information collection is estimated to average 20 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.