



**COMMONWEALTH of VIRGINIA**

*Office of the Governor*

John E. Littel

Secretary of Health and Human Resources

February 15, 2022

Francis McCullough, Associate Regional Administrator  
Centers for Medicare & Medicaid Services  
801 Market Street, Suite 9400  
Philadelphia, PA 19107-3134

Dear Mr. McCullough:

Attached for your review and approval is amendment 22-004, entitled "Program of All-Inclusive Care for the Elderly" to the Plan for Medical Assistance for the Commonwealth. I request that your office approve this change as quickly as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Littel".

John E. Littel

Attachment

cc: Karen Kimsey, Director, Department of Medical Assistance Services

## Transmittal Summary

SPA 22-004

### I. IDENTIFICATION INFORMATION

Title of Amendment: Program of All-Inclusive Care for the Elderly

### II. SYNOPSIS

Basis and Authority: The Code of Virginia (1950) as amended, § 32.1-325, grants to the Board of Medical Assistance Services the authority to administer and amend the Plan for Medical Assistance. The Code of Virginia (1950) as amended, § 32.1-324, authorizes the Director of the Department of Medical Assistance Services (DMAS) to administer and amend the Plan for Medical Assistance according to the Board's requirements.

Purpose: This SPA will allow DMAS to update sections of the state plan that pertain to the Program of All-Inclusive Care for the Elderly (PACE). Specifically, this SPA (1) incorporates the Rates and Payments language from the Center for Medicare & Medicaid Services' (CMS') most current PACE State Plan Amendment Pre-Print and (2) updates the PACE Medicaid capitation rate methodology to align with DMAS' current rate setting practice. DMAS has transitioned from fee-for-service data to managed care encounter data for development of the amount that would otherwise have been paid. The PACE program will continue to operate in the same way that is based on regulations in the Virginia Administrative Code, and there will be no changes for providers as a result of this SPA.

Substance and Analysis: The section of the State Plan that is affected by this amendment is the "Program of All-Inclusive Care for the Elderly" Supplement.

Impact: There are no costs associated with this SPA.

Tribal Notice: Please see attached.

Prior Public Notice: N/A

Public Comments and Agency Analysis: N/A



Lee, Meredith &lt;meredith.lee@dmas.virginia.gov&gt;

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**Tribal Notice-Program of All-Inclusive Care for the Elderly (PACE)**

1 message

**Lee, Meredith** <meredith.lee@dmas.virginia.gov>

Mon, Jan 31, 2022 at 9:25 AM

To: TribalOffice@monacannation.com, chiefannerich@aol.com, jerry.stewart@cit-ed.org, Pamelathompson4@yahoo.com, rappahannocktrib@aol.com, regstew007@gmail.com, Robert Gray <robert.gray@pamunkey.org>, tribaladmin@monacannation.com, Sam Bass <samflyingeagle48@yahoo.com>, chiefstephenadkins@gmail.com, WFrankAdams@verizon.net, bradbybrown@gmail.com, heather.hendrix@ihs.gov, tabitha.garrett@ihs.gov, Kara.Kearns@ihs.gov

Dear Tribal Leaders and Indian Health Programs:

Attached is a Tribal Notice letter from Virginia Medicaid Director Karen Kimsey indicating that the Dept. of Medical Assistance Services (DMAS) plans to submit a State Plan Amendment (SPA) to the federal Centers for Medicare and Medicaid Services. This SPA will allow DMAS to update sections of the state plan that pertain to the Program of All-Inclusive Care for the Elderly (PACE). Specifically, this SPA (1) incorporates the Rates and Payments language from the Center for Medicare & Medicaid Services' (CMS') most current PACE State Plan Amendment Pre-Print and (2) updates the PACE Medicaid capitation rate methodology to align with DMAS' current rate setting practices.

If you would like a copy of the SPA documents or proposed text changes, or if you have any questions, please let us know.

Thank you! -- Meredith Lee

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Meredith Lee  
Policy, Regulations, and Manuals Supervisor  
Division of Policy, Regulation, and Member Engagement  
Department of Medical Assistance Services  
600 East Broad Street  
Richmond, VA 23219  
[meredith.lee@dmas.virginia.gov](mailto:meredith.lee@dmas.virginia.gov)  
(804) 371-0552



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 **Tribal Notice letter, signed.pdf**  
304K



# COMMONWEALTH of VIRGINIA

## *Department of Medical Assistance Services*

KAREN KIMSEY  
DIRECTOR

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600 EAST BROAD STREET  
RICHMOND, VA 23219  
804/786-7933  
800/343-0634 (TDD)  
[www.dmas.virginia.gov](http://www.dmas.virginia.gov)

January 31, 2022

SUBJECT: Notice of Opportunity for Tribal Comment – State Plan Amendment related to the Program of All-Inclusive Care for the Elderly

Dear Tribal Leader and Indian Health Programs:

This letter is to notify you that the Department of Medical Assistance Services (DMAS) is planning to amend the Virginia State Plan for Medical Assistance with the Centers for Medicare and Medicaid Services (CMS). Specifically, DMAS is providing you notice about a State Plan Amendment (SPA) that the Agency will file with CMS in order to update sections that pertain to the Program of All-Inclusive Care for the Elderly (PACE). This SPA will (1) incorporate the Rates and Payments language from CMS' most current PACE State Plan Amendment Pre-Print and (2) update the PACE Medicaid capitation rate methodology to align with DMAS' current rate setting practices. DMAS has transitioned from fee-for-service data to managed care encounter data for development of the amount that would otherwise have been paid. The PACE program will continue to operate in the same way that is has based on regulations in the Virginia Administrative Code, and there will be no changes for providers as a result of this SPA.

The tribal comment period for this SPA is open through March 2, 2022. You may submit your comments directly to Meredith Lee, DMAS Policy, Regulation, and Member Engagement Division, by phone (804) 371-0552, or via email: [Meredith.Lee@dmas.virginia.gov](mailto:Meredith.Lee@dmas.virginia.gov). Finally, if you prefer regular mail you may send your comments or questions to:

Virginia Department of Medical Assistance Services  
Attn: Meredith Lee  
600 East Broad Street  
Richmond, VA 23219

Please forward this information to any interested party.

Sincerely,

A handwritten signature in blue ink that reads 'Karen Kimsey'.

Karen Kimsey

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

(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. XX\_Other (specify): 165% of SSI

(B) The following dollar amount: \$ \_\_\_\_\_,-

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

(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 ~~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~~ amount the state would have otherwise paid for a comparable population.

~~The methodology analyzes historical fee-for-service claims for the PACE eligible population in each region. The historical data is adjusted to reflect legislative modifications of payment arrangements under the fee-for-service programs between the data period and the contract period. The rates are also updated to reflect expected increases in utilization and cost for the contract period covered by the rates.~~

TN No. 06-06 Approval Date \_\_\_\_\_ Effective Date 01/01/07

§ "\*\*\*\*\*"  
TN No. N/A

HCFA ID:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

- I. ~~XX~~ Rates are set at a percent of ~~fee for service costs~~ the amount that would otherwise been paid for a comparable population.
2. Experience-based (contractor's/State's cost experience or encounter date)(please describe)
3. Adjusted Community Rate (please describe)
4. Other(please describe)

~~The methodology analyzes historical fee for service claims for the PACE eligible population in each region develops an upper payment limit (UPL) determined as the amount that would have otherwise been paid under the State plan. The UPL is developed using base period encounter data adjusted for the populations and services covered by the PACE program, specifically individuals over the age of 55 historically receiving services in an institutional setting (nursing home) or enrolled in a home and community based services (HCBS) waiver. The historical data, which is not more than three years old, is adjusted to reflect legislative modifications of payment arrangements under the fee-for-service programs between the data period and the contract period as well as benefit or eligibility changes occurring prior to the beginning of the contract period. The rates are base period data is also updated to reflect expected increases in utilization and cost for the contract period covered by the rates referred to as prospective medical trend. The result is the Upper Payment Limit (UPL) for the program. The UPL rates are adjusted by a managed care utilization factor to reflect expected managed care savings in the contract period. For the Medicaid only rate the managed care adjustment is determined separately for the prescription drug component includes PACE organization specific PBM discounts, rebates, dispensing fees and co-payment factors. The managed care savings adjustment is reviewed to assure that the developed rates do not exceed the UPL. Finally, an An allowance for PACE organization administration costs is added to the UPL rates to arrive at the final capitation rate along with a provision for underwriting gain. The final capitation rates are determined as a percentage discount (savings factor) off of the UPL.~~

The state calculates two separate rates one for dual eligible participants and a rate for Medicaid-only participants. Rates also vary by geographic region.

- 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.~~

~~Price, Waterhouse & Coopers performs the actuarial function for the State Medicaid Agency with regard to PACE rates.~~

- 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.

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TN No. 06-06 Approval Date \_\_\_\_\_ Effective Date 01/01/07  
Supersedes  
TN No. N/A HCFA ID:

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER ____ _	2. STATE ____
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3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT XIX XXI
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TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
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5. FEDERAL STATUTE/REGULATION CITATION
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6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY _____ \$ _____
b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
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8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
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9. SUBJECT OF AMENDMENT
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10. GOVERNOR'S REVIEW (Check One)	
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	<input type="checkbox"/> OTHER, AS SPECIFIED: Secretary of Health and Human Resources

11. SIGNATURE OF STATE AGENCY OFFICIAL 
12. TYPED NAME
13. TITLE
14. DATE SUBMITTED

15. RETURN TO
---------------

<b>FOR CMS USE ONLY</b>	
16. DATE RECEIVED	17. DATE APPROVED

<b>PLAN APPROVED - ONE COPY ATTACHED</b>	
18. EFFECTIVE DATE OF APPROVED MATERIAL	19. SIGNATURE OF APPROVING OFFICIAL
20. TYPED NAME OF APPROVING OFFICIAL	21. TITLE OF APPROVING OFFICIAL

22. REMARKS
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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

- 
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  3. Adjusted Community Rate (please describe)
  4. Other (please describe)

The methodology develops an upper payment limit (UPL) determined as the amount that would have otherwise been paid under the State plan. The UPL is developed using base period encounter data adjusted for the populations and services covered by the PACE program, specifically individuals over the age of 55 historically receiving services in an institutional setting (nursing home) or enrolled in a home and community based services (HCBS) waiver. The historical data, which is not more than three years old, is adjusted to reflect legislative modifications of payment arrangements between the data period and the contract period as well as benefit or eligibility changes occurring prior to the beginning of the contract period. The base period data is also updated to reflect expected increases in utilization and cost for the contract period covered by the rates referred to as prospective medical trend. An allowance for administration costs is added to the UPL rates along with a provisions for underwriting gain. The final capitation rates are determined as a percentage discount (savings factor) off of the UPL.

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- B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner.
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TN No. 22-0004 Approval Date \_\_\_\_\_ - Effective Date 1/1/2022  
Supersedes  
TN No. 06-06 HCFA ID: