

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Tennessee

PACE

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.

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)

Description of Rate Setting Methodology

The initial per member per month capitation rate paid to the PACE Provider by TennCare for the provision of all Medicaid covered services and administrative and all other costs for dual eligibles shall be determined by the following, subject to the maximum rates as specified below:

1. Calculating 95% of the blended CHOICES Group 1/Group 2 dual eligible per member per month base capitation rate (excluding 'add-on' directed payments, administrative load, and premium tax) established by TennCare for contracted Managed Care Organizations operating in the region of the State where the PACE program is located during the applicable contract period.
2. Calculating 95% of the average annual per person Medicare cost sharing (deductibles and coinsurance) paid by TennCare to providers for Medicare/Medicaid non-FIDE dual eligibles for the most recent complete calendar year and dividing by twelve (12).
3. Adding the calculated amount from (1) above to the calculated amount from (2) above to establish a monthly per member per month capitation rate in the region of the State where the PACE facility is located.

TN No. 26-0003

Supersedes

TN No. 11-014

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The initial per member per month capitation rate paid to the PACE Provider by TennCare for the provision of all Medicaid covered services and administrative and all other costs for non-dual eligibles shall be determined by the following:

Calculating 95% of the blended CHOICES Group 1/Group 2 non-dual eligible per member per month base capitation rate (excluding 'add-on' directed payments, administrative load, and premium tax) established by TennCare for contracted Managed Care Organizations operating in the region of the State where the PACE program is located during the applicable contract period.

These rates shall be reviewed at least annually and may be adjusted as determined by TennCare.

For dual eligibles, the initial and all subsequent rates shall not exceed 95% of the combined total of:

- The blended CHOICES Group 1/Group 2 dual eligible per member per month base capitation rate (excluding 'add-on' directed payments, administrative load, and premium tax) established by TennCare for contracted Managed Care Organizations operating in the region of the State where the PACE program is located during the applicable contract period; and
- One-twelfth (1/12th) of the annual statewide average per person Medicare cost sharing (deductibles and coinsurance) paid by TennCare to providers for Medicare services delivered to non-FIDE dual eligible enrollees for the most recent complete calendar year.

For non-dual eligibles, the initial and all subsequent rates shall not exceed:

- 95% of the blended CHOICES Group 1/Group 2 non-dual eligible per member per month base capitation rate (excluding 'add-on' directed payments, administrative load, and premium tax) established by TennCare for contracted Managed Care Organizations operating in the region of the State where the PACE program is located during the applicable contract period.

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.

Rates are determined by the State Medicaid Agency.

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

Description of AWOP Development Methodology

The State will demonstrate that all PACE capitation rates are cost effective by calculating the amount that would have otherwise been paid (AWOP) under the state plan if not enrolled in PACE. The AWOP will be calculated separately for each rate cell (dual eligibles and non-dual eligibles) and shall include the sum of the following:

- The blended CHOICES Group 1/Group 2 eligible per member per month base capitation rate established by TennCare for contracted Managed Care Organizations operating in the region of the State where the PACE program is located (including administrative load, premium tax, and 'add-on' and other directed payments) during the applicable contract period;
- The per member per month capitation rate for adult dental benefits established by TennCare for contracted Dental Benefit Managers operating in the region of the State where the PACE program is located during the applicable contract period;
- Average per member per month costs for pharmacy services and benefits covered on a fee for service basis for enrolled Medicaid enrollees of comparable frailty (aged 55 and older) in the region of the State where the PACE program is located for the most recent complete calendar year, reduced by an estimate of the rebate percentage the State received for pharmacy benefits;
- An estimate of the non-benefit cost allowance for administration of the FFS pharmacy benefits; and
- For the dual eligible enrollees, one-twelfth (1/12th) of the annual statewide average per person Medicare cost sharing (deductibles and coinsurance) paid by TennCare to providers for Medicare services delivered to Non-FIDE dual eligible enrollees aged 55 and older for the most recent complete calendar year.

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.