

Generic Supporting Statement
PACE Medicaid Capitation Rate Setting Guide
(CMS-10398 #84, OMB 0938-1148)

Note: This December 2024 iteration is being submitted to OMB for approval as a new generic collection of information request under control number 0938-1148.

A. Background

The Centers for Medicare & Medicaid Services (CMS) work in partnership with states to implement Medicaid and the Children’s Health Insurance Program (CHIP). Together these programs provide health coverage to millions of Americans. Medicaid and CHIP are based in Federal statute, associated regulations and policy guidance, and the approved State plan documents that serve as a contract between CMS and states about how Medicaid and CHIP will be operated in that State. CMS works collaboratively with states in the ongoing management of programs and policies, and CMS continues to develop implementing guidance and templates for states to use to elect new options available as a result of the Affordable Care Act or to comply with new statutory provisions. CMS also continues to work with states through other methods to further the goals of health reform, including program waivers and demonstrations, and other technical assistance initiatives.

The PACE Medicaid Capitation Rate Setting Guide provides technical assistance to states for their PACE rate setting, and the information to include when submitting rate packages to CMS for review and approval. The guide also includes (as Appendix B) a template cover sheet to be used by states for their rate package submissions as streamlined submission forms which will improve the efficiency of CMS reviews, and which are completed and submitted electronically via email.

B. Description of Information Collection

The Program of All-inclusive Care for the Elderly (PACE) is a fully integrated Medicare program and Medicaid state plan option that provides community-based care and services to individuals aged 55 or older who meet a state’s nursing home level of care criteria. PACE organizations (PO) must provide all Medicare and Medicaid covered services. The financing of this model is accomplished through prospective capitation of both Medicare and Medicaid payments.

POs must be located in a state with an approved State plan amendment electing PACE as an optional benefit under its Medicaid State plan in order for CMS to sign program agreements. The SPA includes a section for a description of the state’s rate setting methodology, as well as the stipulation that states agree to submit their rates to CMS for prior review and approval. While the SPA preprint is currently approved by OMB under control number 0938-1027 (CMS-10227), we are proposing to move the preprint under our generic umbrella (CMS-10398, OMB 0938-1148) as generic information collection (GenIC) #83.

An entity wishing to become a PO must submit an application to CMS that describes how the

entity meets all the requirements in the PACE program. Upon approval of a PACE application, CMS executes a 3-way program agreement with the PO applicant and the applicable State Administering Agency (SAA). Requirements/burden for the PACE application is approved by OMB under control number 0938-1326 (CMS-10631).

In sections 1894 and 1934 of the Social Security Act and 42 CFR 460.182, under a PACE program agreement, the SAA must make a prospective monthly payment to the PO of a capitation amount for each Medicaid participant enrolled in PACE. The monthly capitation amount is negotiated between the PO and the SAA, and the amount, or the methodology used to calculate the amount, is specified in the PACE program agreement.

The SPA preprint includes an attestation in section II.C. that the state will submit all capitated rates to CMS for prior approval, and will include the name, organizational affiliate of any actuary used, and attestation/description of the capitation rates. To assist states in developing their PACE rates, the attached PACE Medicaid Capitation Rate Setting Guide provides technical assistance to states as to what information should be included in their submissions, as well as information on how to appropriately determine their rate setting methodology, amounts that would otherwise have been paid (AWOP) for a comparable population under the state plan if not enrolled in PACE, and the PACE capitation rates.

The information outlined in the guide must be supported in the rate documentation that is submitted to CMS. The burden associated with the guide is specific to the completion/submission of Appendix B.

The AWOP and Rate Setting Frequently Asked Questions document provides additional information based on patterns and trends in CMS' review of PACE rates and questions frequently asked by states and their actuaries. The burden associated with the instruction in Appendix A is specific to the completion/submission of Appendix B.

Because of the significant increase in states' use of Medicaid managed care data in the development of their AWOPs, Appendix A of the guide provides additional considerations for the use of managed care data in the AWOP development. The burden associated with the instruction in Appendix A is specific to the completion/submission of Appendix B.

Appendix B of the guide provides a template cover sheet to be used by states for their rate package (the package consists of Appendix B and supporting documentation) submissions as streamlined submission forms which will improve the efficiency of CMS reviews, and which are completed and submitted electronically via email.

C. Deviations from Generic Request

No deviations are requested.

D. Burden Hour Deduction

Wage Estimate

To derive average costs, we used data from the U.S. Bureau of Labor Statistics’ May 2023 National Occupational Employment and Wage Estimates for all salary estimates (https://www.bls.gov/oes/2023/may/oes_nat.htm). In this regard, the following table presents BLS’ mean hourly wage, our estimated cost of fringe benefits and other indirect costs (calculated at 100 percent of salary), and our adjusted hourly wage.

BLS’s wage estimates are updated annually. Current wage figures can be found at http://www.bls.gov/oes/current/oes_nat.htm and can be used to calculate current cost estimates. May 2023 (see above) is current as of the date of this collection of information request.

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefits and Other Indirect Costs (\$/hr)	Adjusted Hourly Wage (\$/hr)
Medical and Health Services Manager	11-9111	64.64	64.64	129.28

As indicated, we are adjusting our employee hourly wage estimates by a factor of 100 percent. This is necessarily a rough adjustment, both because fringe benefits and other indirect costs vary significantly from employer to employer, and because methods of estimating these costs vary widely from study to study. Nonetheless, we believe that doubling the hourly wage to estimate the total cost is a reasonably accurate estimation method.

Collection of Information Requirements and Associated Burden Estimates

States must submit their proposed rates and supporting documentation to CMS for review and approval. CMS will work with the state during the review process and request any additional information as needed. Once approved, CMS will notify the state in writing of its approval of the rates. The state must then notify the PO(s) in writing to confirm the rates and effective dates.¹

Because rates are for a period of no less than twelve (12) months, states are required to submit rate packages to CMS no more than once a year. The only exception to this is in cases where a state elects to amend their rate package for a given year due to extenuating circumstances, such as a legislative change that affects the rates paid to all providers throughout the state. Therefore, we anticipate that states would complete the cover sheet for their submissions no more than once a year, unless extenuating circumstances permit a mid-year rate adjustment.

The burden associated with the PACE Capitation Rate Setting Guide is specific to the completion and submission of Appendix B (the PACE AWOP & Rate Package Submission Cover Sheet). We estimate that it would take a Medical and Health Services Manager a maximum of 30 minutes at \$129.28/hr to complete.

¹ We are in the process of submitting such burden to OMB for approval under control number 0938-1148 (CMS-10398 #83).

Assuming a year when all 34 states would be submitting the Appendix at the same time, we estimate an annual ongoing burden of 17 hours (34 states x 0.5 hr/response) at a cost of \$2,198 (17 hr x \$129.28/hr).

Burden Summary (Appendix B)

Regulation Section(s) in Title 42 of the CFR	Respondents	Total Responses	Time per Response (hr)	Total Annual Time (hr)	Labor Rate (\$/hr)	Total Capital/Maintenance Costs (\$)	Total Cost (\$)
§460.182	34 states	34	0.5	17	129.28	0	2,198

Collection of Information Instruments and Instruction/Guidance Documents

- PACE Medicaid Capitation Rate Setting Guide (effective January 1, 2025)
- Appendix A: Additional Considerations for Using Medicaid Managed Care Data in the Development of the AWOP
- Appendix B: PACE AWOP & Rate Package Submission Cover Sheet
- PACE AWOP and Rate Setting Frequently Asked Questions

E. Timeline

The 14-day notice published in the Federal Register on December 6, 2024 (89 FR 97009). Comments are due on/by December 20.

CMS intends to deploy this collection on January 1, 2025. For planning purposes, we request OMB’s approval within 30-days from the submission of this collection of information request to OMB.