

**Texas PACE Rating Report, prepared by William Warburton, Texas HHSC
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Background

Programs 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 people aged 55 or older who meet a state's nursing home level of care criteria. 42 CFR 460.182 requires that states make a prospective monthly capitation payment to a PACE organization for a Medicaid participant enrolled in PACE which:

- Is less than what would otherwise have been paid under the state plan if not enrolled in PACE;
- Takes into account comparative frailty of participants;
- Is a fixed amount regardless of changes in a participant's health status.

There are specific requirements for PACE in the state of Texas which are outlined in the Texas Administrative Code at Title 1, Part 15, Chapter 355 Subchapter E, Rule §355.501.

[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=1&pt=15&ch=355&rl=501](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=1&pt=15&ch=355&rl=501)

Additional requirements for Texas PACE Reimbursement rates can be found at the Texas Human Resources Code §32.0532(b).

<http://www.statutes.legis.state.tx.us/Docs/HR/htm/HR.32.htm>

Below are the PACE rates determined for the SFY 18 - SFY 19 biennium. The rates are the result of a 2% reduction to the Upper Payment Limit (UPL) which is developed for each of the three PACE sites in Texas. The UPL or the amount that would have otherwise been paid, is calculated on a rate development sheet which shows the mathematical development along with other supporting documentation.

See the rate development sheets as Attachments to this report.

1. El Paso,
2. Lubbock,
3. Potter/Randall, and
4. Statewide QMB

PACE Rate	UPL	Fully-Funded Rate
	SFY18 - SFY19	SFY18 - SFY19
El Paso County - Medicaid Only	\$4,048.93	\$3,967.95
El Paso County - Medicare/Medicaid	\$2,999.38	\$2,939.40
Potter & Randall Counties - Medicaid Only	\$4,360.62	\$4,273.41
Potter & Randall Counties - Medicare/Medicaid	\$2,667.19	\$2,613.84
Lubbock County - Medicaid Only	\$4,167.05	\$4,083.71
Lubbock County - Medicare/Medicaid	\$2,972.80	\$2,913.35
Statewide QMB Rate		\$48.81

For each PACE service delivery area, a cohort of members is studied. The members of each cohort must be eligible to be in the PACE program, so each studied member is 55 years of age or older, and meets nursing facility eligibility. The members may be in a Nursing Facility (NF) or getting services in the community through Home and Community Based Services (HCBS). The members are also classified according to whether they get Medicare (Dual Eligible), or whether they only receive Medicaid services (Medicaid Only).

The study was performed using State Fiscal Year 2015 data for Managed Care and Fee-For-Service where appropriate. All Medicaid claims for the cohorts identified above were gathered in certain key categories: Acute Care, Long-Term Care, Prescriptions, and Transportation Services. Per-member per-month (pmpm) values were calculated by dividing the total claims cost by the total member months of the members in the cohorts. The data used was significantly complete so no adjustment was made for claim that had not yet been paid. Similarly, there is some fluctuation in the rates developed especially for the Medicaid Only population which has a small sample size for some areas, and the fluctuation is reviewed to insure that the rates fall within acceptable tolerance levels.

For Transportation rates, Per-member per-month (pmpm) payment rates from the Texas Medicaid Transportation program are used as a proxy since current transportation data was not available.

Adjustments applied

Personal Assistant Service (PAS) Reimbursement Adjustment (9/1/15) - An adjustment was made to Personal Assistant Service rates effective 9/1/15. Since this change was not reflected in the data, an explicit adjustment was made.

Pharmacy Adjustment for second generation direct acting antivirals for the treatment of Hepatitis C - Claims were gathered for the cohorts of the study. The adjustment was made by adding a per-member-per-month adjustment as reflected by the claims data.

Long-Term Care Services and Supports (LTSS) Risk Adjustment (HB 3823 from the 84th Texas Legislative Session) - H.B. 3823 directed HHSC to compare Medicaid costs of PACE and STAR+PLUS recipients.

To meet the requirements of H.B. 3823, HHSC used Medical Necessity and Level of Care (MN/LOC) and Minimum Data Set (MDS) assessments, which are used to determine whether individuals meet medical necessity criteria for long term care services, as well as impairment level over several areas of health care. Individuals who meet medical necessity may be served in the community through the HCBS waiver, in which case MN/LOC assessments are used, or in nursing facilities, in which case MDS assessments are used. The assessments were requested from Texas Medicaid Healthcare Partnership (TMHP).

The assessments were combined with encounter data from STAR+PLUS to calculate average LTSS costs in STAR+PLUS for members particular characteristics such as county of residence, age, activities of daily living (ADL's), or health care status (the presence of dementia, for example). This combination of data sources provides all of the necessary elements for the calculation of LTSS risk adjustment factors. The method used to calculate LTSS costs for members based on their characteristics is a regression technique referred to as a generalized linear model (GLM). Then these costs, that had been estimated for STAR+PLUS members, were applied to the PACE case-mix using PACE MN/LOC and MDS assessments.

In order to model the LTSS costs, a cohort was defined based on a snapshot of PACE and STAR+PLUS members as of August 2015. Then the most recent assessment available for each of these members was used in the study. However, upon working with this data, it was discovered

that the PACE data has some deficiencies due to a rule (40 TAC §60.16), specific to PACE, that does not require continued annual assessments be submitted to the state for members that meet permanent medical necessity. Because of this there was a greater use of historical assessments for members in PACE than in STAR+PLUS. A factor was employed in the rate calculations to cover this requirement, but because of the data issues involved, only 50 percent of the adjustment was applied.

Below are shown the trend factors applied. The trend factors are from STAR+PLUS historical and projected trend factors for a population that would include PACE eligible members. The SFY 15 data is trended from 3/1/15 (mid-point of the data period) to 8/31/18 (the mid-point of the rating period).

Acute Care				
	NF - Medicaid Only	NF - Dual	HCBS - Medicaid Only	HCBS - Dual
SFY 15	2.60%	3.50%	-5.60%	3.50%
SFY 16	0.00%	3.50%	7.70%	3.50%
SFY 17	0.30%	2.30%	0.30%	2.30%
SFY 18	-0.40%	1.60%	-0.40%	1.60%
TOTAL:	1.012	1.094	1.045	1.094

LTSS				
	NF - Medicaid Only	NF - Dual	HCBS - Medicaid Only	HCBS - Dual
SFY 15	3.00%	3.00%	1.50%	2.40%
SFY 16	3.00%	3.00%	-4.90%	0.50%
SFY 17	3.00%	3.00%	2.10%	4.40%
SFY 18	3.00%	3.00%	-1.00%	1.70%
TOTAL:	1.109	1.109	0.968	1.080

Prescription				
	NF - Medicaid Only	NF - Dual	HCBS - Medicaid Only	HCBS - Dual
SFY 15	5.50%	3.00%	5.20%	5.20%
SFY 16	4.40%	3.00%	9.30%	9.30%
SFY 17	-3.20%	-3.20%	4.00%	4.00%
SFY 18	0.00%	0.00%	6.10%	6.10%
TOTAL:	1.038	1.012	1.237	1.237

Non benefit costs included - should only represent state costs for administering the program. Should not include PACE administrative costs.

Included were provisions for Service Coordination and Claims Processing.

Projected Member Months for each Rate Cell:

				Projected Recipients	Fully-Funded Rates	All Funds (Per Year)
Existing PACE Site Rates						
El Paso County - Medicaid Only				28	\$3,967.95	\$1,333,230
El Paso County - Medicare/Medicaid				892	\$2,939.40	31,463,289
Potter & Randall Counties - Medicaid Only				5	\$4,273.41	256,404
Potter & Randall Counties - Medicare/Medicaid				156	\$2,613.84	4,893,117
Lubbock County - Medicaid Only				18	\$4,083.71	882,082
Lubbock County - Medicare/Medicaid				172	\$2,913.35	6,013,147
Statewide QMB Rate						0
Total				1271		\$44,841,270

Texas Health and Human Services Commission
Financial Services - Actuarial Analysis Division

Program for All-inclusive Care for the Elderly (PACE): Upper Payment Limit Calculation
El Paso County

	Nursing Facility (NF) Recipients Cost for SFY2015						Home and Community Based Services (HCBS) Recipients Cost for SFY2015					
	Medicaid-only Members			Medicare/Medicaid Members			Medicaid-only Members			Medicare/Medicaid Members		
	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo
El Paso County												
Acute Care: Total	420	409,314	974.56	9,327	898,518	96.34	3,146	4,269,784	1,357.21	7,851	1,869,194	238.08
Inpatient	420	246,361	586.57	9,327	212,519	22.79	3,146	1,425,057	452.97	7,851	90,150	11.48
Outpatient	420	16,994	40.46	9,327	214,805	23.03	3,146	580,239	184.44	7,851	408,946	52.09
Professional	420	101,924	242.68	9,327	438,135	46.97	3,146	1,837,893	584.20	7,851	1,367,908	174.23
Other Institutional	420	44,036	104.85	9,327	33,059	3.54	3,146	426,595	135.60	7,851	2,189	0.28
Long-term Care: Total	420	1,741,607	4,146.68	9,327	33,762,273	3,619.84	3,146	3,544,070	1,126.53	7,851	12,901,738	1,643.32
CBA	420	1,065	2.54	9,327	32,161	3.45	3,146	3,486,807	1,108.33	7,851	12,420,228	1,581.99
NF and Hospice	420	1,740,542	4,144.15	9,327	33,730,112	3,616.39	3,146	57,263	18.20	7,851	481,510	61.33
Prescriptions	420	230,886	549.73	9,327	22,231	2.38	3,146	2,853,661	907.08	7,851	64,491	8.21
Medical Transportation	420	1,124	9.86	9,327	84,125	9.86	3,146	51,551	9.86	7,851	148,287	9.86
Subtotal	420	2,382,931	5,680.83	9,327	34,767,147	3,728.42	3,146	10,719,066	3,400.68	7,851	14,983,710	1,899.48
Claims Processing			6.00			6.00			6.00			6.00
Service Coordination			60.32			73.41			66.53			66.53
PAS Reimbursement Adj. (9/1/15)									13.85			19.46
Hepatitis C Pharmacy Adj.			135.71						87.28			
LTC Risk Adjustment (HB 3823)			103.05			89.96			-64.89			-94.66
Total before inflation trending			5,985.91			3,897.79			3,509.45			1,896.81
Final Trended Rate			6,018.40			3,906.92			3,786.00			1,921.23
	<u>Medicaid Only Members</u>			<u>Medicare/Medicaid Members</u>								
UPL - Combined NF and CBA	\$	4,048.93		\$	2,999.38							
Payment Rate - 98 Percent of UPL	\$	3,967.95		\$	2,939.40							

Texas Health and Human Services Commission
Financial Services - Actuarial Analysis Division

Program for All-inclusive Care for the Elderly (PACE): Upper Payment Limit Calculation
Lubbock County

	Nursing Facility (NF) Recipients Cost for SFY2015						Home and Community Based Services (HCBS) Recipients Cost for SFY2015					
	Medicaid-only Members			Medicare/Medicaid Members			Medicaid-only Members			Medicare/Medicaid Members		
	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo
Lubbock County												
Acute Care: Total	780	698,715	894.15	7,310	470,538	63.50	608	495,282	758.62	1,887	317,111	167.24
Inpatient	780	347,598	445.64	7,310	70,652	9.67	608	168,249	276.72	1,887	15,095	8.00
Outpatient	780	90,315	115.79	7,310	109,646	15.00	608	74,767	122.97	1,887	78,530	41.62
Professional	780	259,527	332.73	7,310	283,895	38.84	608	218,225	358.92	1,887	221,959	117.63
Other Institutional	780	1,274	1.63	7,310	6,345	0.87	608	34,041	55.99	1,887	1,527	0.81
Long-term Care: Total	780	2,900,955	3,719.17	7,310	24,551,798	3,358.66	608	440,459	724.44	1,887	2,226,011	1,179.66
CBA	780	1,245	1.60	7,310	1,752	0.24	608	391,072	643.21	1,887	2,061,213	1,092.32
NF and Hospice	780	2,899,710	3,717.58	7,310	24,550,046	3,358.42	608	49,387	81.23	1,887	164,798	87.33
Prescriptions	780	539,447	691.60	7,310	12,796	1.75	608	560,974	922.65	1,887	3,534	1.87
Medical Transportation	780	0	9.60	7,310	5,858	9.60	608	8,922	9.60	1,887	48,444	9.60
Subtotal	780	4,139,117	5,314.53	7,310	25,040,991	3,433.51	608	1,505,637	2,415.31	1,887	2,595,100	1,358.37
Claims Processing			6.00			6.00			6.00			6.00
Service Coordination			20.50			19.89			66.53			66.53
PAS Reimbursement Adj. (9/1/15)									7.14			13.22
Hepatitis C Pharmacy Adj.									52.23			
LTC Risk Adjustment (HB 3823)			-65.17			-58.85			-103.10			-167.88
Total before inflation trending			5,275.86			3,400.55			2,444.12			1,276.23
Final Trended Rate			5,312.78			3,406.56			2,697.21			1,292.47

	Medicaid Only Members	Medicare/Medicaid Members
UPL - Combined NF and CBA	\$ 4,167.05	\$ 2,972.80
Payment Rate - 98 Percent of UPL	\$ 4,083.71	\$ 2,913.35

Texas Health and Human Services Commission
Financial Services - Actuarial Analysis Division

Program for All-inclusive Care for the Elderly (PACE): Upper Payment Limit Calculation
Potter/Randall Counties

	Nursing Facility (NF) Recipients Cost for SFY2015						Home and Community Based Services (HCBS) Recipients Cost for SFY2015					
	Medicaid-only Members			Medicare/Medicaid Members			Medicaid-only Members			Medicare/Medicaid Members		
	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo
Potter/Randall Counties												
Acute Care: Total	302	255,597	840.18	4,871	277,900	57.05	203	277,027	1,364.66	1,445	252,825	174.97
Inpatient	302	127,514	422.23	4,871	67,344	13.83	203	150,641	742.07	1,445	13,889	9.61
Outpatient	302	37,354	123.69	4,871	41,144	8.45	203	24,890	122.61	1,445	40,200	27.82
Professional	302	88,867	294.26	4,871	169,412	34.78	203	96,619	475.96	1,445	198,737	137.53
Other Institutional	302	1,862	6.17	4,871	0	-	203	4,876	24.02	1,445	0	-
Long-term Care: Total	302	971,594	3,217.20	4,871	15,170,192	3,114.39	203	177,976	876.73	1,445	1,350,540	934.63
CBA	302	29	0.10	4,871	709	0.15	203	151,815	747.86	1,445	1,303,723	902.23
NF and Hospice	302	971,565	3,217.10	4,871	15,169,483	3,114.24	203	26,161	128.87	1,445	46,817	32.40
Prescriptions	302	331,971	1,099.24	4,871	5,452	1.12	203	152,111	749.31	1,445	3,284	2.27
Medical Transportation	302	0	9.60	4,871	32,737	9.60	203	14,908	9.60	1,445	112,422	9.60
Subtotal	302	1,559,163	5,166.23	4,871	15,486,280	3,182.16	203	622,021	3,000.31	1,445	1,719,071	1,121.47
Claims Processing			6.00			6.00			6.00			6.00
Service Coordination			20.50			19.89			66.53			66.53
PAS Reimbursement Adj. (9/1/15)									8.30			10.92
Hepatitis C Pharmacy Adj.												
LTC Risk Adjustment (HB 3823)			-61.47			-59.50			-183.50			-195.62
Total before inflation trending			5,131.26			3,148.55			2,897.64			1,009.29
Final Trended Rate			5,183.03			3,153.95			3,137.13			1,026.35
	<u>Medicaid Only Members</u>			<u>Medicare/Medicaid Members</u>								
UPL - Combined NF and CBA	\$	4,360.62		\$	2,667.19							
Payment Rate - 98 Percent of UPL	\$	4,273.41		\$	2,613.84							

Attachment 4 - Statewide QMB

Calculation of SFY18 - SFY19 statewide QMB Rate for Texas PACE Program

\$ 77,285,002.12 = Total Incurred Claims (201409 to 201508) Estimated

1,645,768 = Total Estimated Member Months (201409 to 201508)

\$ 46.96 = QMB Statewide rate

\$ 51.37 = QMB rate trended from 3/1/2015 to 8/31/2018

\$ 48.81 = Final QMB rate for SFY 18 and SFY 19 with 5% reduction