

State/Territory: IOWA

Name and address of state administering agency, if different from the state Medicaid agency.

Not applicable – The state administering agency is also the state Medicaid agency for the state of Iowa.

I. Eligibility

The state determines eligibility for PACE enrollees under rules applying to community groups.

- A. The state determines eligibility for PACE enrollees under rules applying to institutional groups as provided for in section 1902(a)(10)(A)(ii)(VI) of the Act (42 CFR 435.217 in regulations). The state has elected to cover under its state plan the eligibility groups specified under these provisions in the statute and regulations. The applicable groups are:

Individuals who meet a special income level of 300% of the SSI Federal Benefit Rate (FBR) according to provision of 42 CFR 435.236.

Note: Spousal impoverishment eligibility rules under section 1924 of the Social Security Act apply.

- B. The state determines eligibility for PACE enrollees under rules applying to institutional groups, but chooses not to apply post-eligibility treatment of income rules to those individuals. (If this option is selected, skip to II. Compliance and State Monitoring of the PACE Program.)
- C. The state determines eligibility for PACE enrollees under rules applying to institutional groups, and applies post-eligibility treatment of income rules to those individuals as specified below. Note that the post-eligibility treatment of income rules specified below are the same as those that apply to the state's approved HCBS waiver(s).

Regular Post Eligibility

1. SSI State. The state is using the post-eligibility rules at 42 CFR 435.726. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

State Plan TN # MS-07-020
Superseded TN # NONE

Effective JUL 01 2008
Approved MAR 07 2008

State/Territory: IOWA

a. Sec. 435.726--States which do not use more restrictive eligibility requirements than SSI.

1) Allowances for the needs of the:

a) Individual (check one):

(1) The following standard included under the state plan (check one):(a) SSI(b) Medically Needy(c) The special income level for the institutionalized(d) Percent 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:

300 % of the SSI benefit and for consumers who have a medical assistance income trust (Miller Trust) an additional 10 (or higher if court ordered) to pay for the administration fees

Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items 2 and 3.

b) Spouse only (check one):

(1) SSI standard(2) Optional state supplement standard(3) Medically Needy income standard(4) The following dollar amount: \$ _____

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

(5) The following percentage of the following standard that is not greater than the standards above: _____% of _____ standard.(6) The amount is determined using the following formula:(7) Not applicable (N/A)State Plan TN # MS-07-020
Superseded TN # NONEEffective JUL 0 1 2008
Approved MAR 0 7 2008

State/Territory: IOWA

c) 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)

2) Medical and remedial care expenses in 42 CFR 435.726.

2. 209(b) State, a state that is using more restrictive eligibility requirements than SSI. The state is using the post-eligibility rules at 42 CFR 435.735. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

a. **2 CFR 435.735**--States using more restrictive requirements than SSI.

1) Allowances for the needs of the:

a) Individual (check one):

- (1) The following standard included under the state plan (check one):
 (a) SSI
 (b) Medically Needy
 (c) The special income level for the institutionalized
 (d) Percent of the Federal Poverty Level: _____ %
 (e) Other (specify): _____

State Plan TN # MS-07-020
 Superseded TN # NONE

Effective JUL 0 1 2008
 Approved MAR 0 7 2008

State/Territory: IOWA

(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 PACE enrollees in item 1 is **equal to, or greater than** the maximum amount of income a PACE enrollee may have and be eligible under PACE, **enter N/A in items 2 and 3.**

b) Spouse only (check one):

(1) The following standard under 42 CFR 435.121: _____

(2) The Medically Needy income standard: _____

(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) Not applicable (N/A)

c) 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:

State Plan TN # MS-07-020
Superseded TN # NONE

Effective JUL 0 1 2008
Approved MAR 0 7 2008

State/Territory: IOWA

(6) Other

(7) Not applicable (N/A)

2) Medical and remedial care expenses specified in 42 CFR 435.735.

Spousal Post Eligibility

3. 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, a family allowance, and an amount for incurred expenses for medical or remedial care, as specified in the state Medicaid plan.

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.

c) The following formula is used to determine the needs allowance:

300 % of the SSI benefit and for consumers who have a medical assistance income trust (Miller Trust) an additional 10 (or higher if court ordered) to pay for the administration fees

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:

State Plan TN # MS-07-020
Superseded TN # NONE

Effective JUL 01 2008
Approved MAR 07 2008

State/Territory: IOWA**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. 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 is attached.

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. Other (please describe)

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 capitation rates.

1. Actuary

Milliman, Inc. Consulting Actuaries was retained by the Iowa Department of Human Services (DHS) to calculate capitation rates for the program of All-Inclusive Care for the Elderly (PACE) for the six Iowa counties included in the proposed Siouxland PACE service area: Cherokee, Ida, Monona, Plymouth, Sioux, and Woodbury. The following describes the rate setting methodology used.

2. Attestation/Description for the Capitation Rates

- a. General Statements

Data was captured from the following state of Iowa data systems for the proposed service area and provided to the contracted actuarial firm to develop the capitated rates:

- Iowa Medicaid Fee for Service (FFS) claims data
- Iowa Medicaid eligibility data
- Various Iowa Medicaid program documentation
- Administrative cost information provided by Iowa DHS
- Information from potential participating PACE organizations

State Plan TN # MS-07-020
Superseded TN # NONE

Effective JUL 0 1 2008
Approved MAR 0 7 2008

State/Territory: IOWA

The following documentation was accessed to supplement the preceding:

- IME program documentation
- Regional documentation and information from the prospective PACE provider

The values were calculated based on a series of historical data and projections. Actual results will likely vary from the projected values. Although the data was reviewed for reasonableness, Milliman did not audit the data. If the information provided to Milliman is found to be inaccurate or incomplete, the results may need to be revised.

The capitated rates calculated are estimates but not predictions. Milliman determined the rates to be reasonable; however, they may not be appropriate for any particular contractor. Any PACE contractor must review its own revenue requirements with an actuary or other professional competent in finance and modeling.

b. Rate Setting Methodology

The primary data source for the PACE rate setting was data from the fee-for-service (FFS) Medicaid program. The sum of the total reimbursed amounts and the value of member co-payments (similar to total allowed amounts less third party liability payments) were summarized into rate cells by age, gender, region, and eligibility category. Total eligible months were calculated from Iowa Medicaid eligibility data and used to develop base period per member per month (PMPM) costs for these same categories.

To calculate the Upper Payment Limit (UPL), the base period data was adjusted for the following:

- Claims incurred but not yet paid;
- Trend;
- Prescription drug rebates and exclusion of Part D drugs for dual eligibles;
- Third-party liability and recipient co-payments;
- Administrative expenses

Once a UPL was calculated for each rate cell, the UPLs were reviewed for smoothness. Some rate cells were combined as well (for example, the final rates do not vary by gender). The capitation rate for each rate cell was then calculated as 95% of the UPL. The 5% reduction is applied to the UPL in order to ensure that the state realizes a savings from implementing a capitated PACE program.

State Plan TN # MS-07-020
Superseded TN # NONE

Effective JUL 0 1 2008
Approved MAR 0 7 2008

State/Territory: IOWA

c. Description of PACE Capitation Rate Calculations

1) Summarize Fee-for-Service (FFS) Data

Claims were extracted from annual Iowa DHS FFS claim data using the following criteria:

- a) Claims spanning three consecutive state fiscal years. A state fiscal year has a beginning date of July 1 and an ending date of June 30.
- b) Claims for Medicaid members who were 55 years of age or older.
- c) Claims for Medicaid members who were residents of the proposed service region.
- d) Claims for individuals who met the nursing facility level of care required by PACE, identified as those claims with a nursing home or SNF indicator or those who are receiving services under an HCBS waiver.
 - FFS claims data were grouped by SFY, region, age group, and gender. In the rate calculations, Woodbury County is shown both separately and combined with the other counties in the Sioux City region because there may be a phased roll-out of the PACE program in this region.
 - Dual eligibles (those eligible for both Medicaid and Medicare) were identified using the "type of coverage" field in the experience data. QMB only, QDWI, SLMB, QI1, and QI2 dual eligibles are excluded from the data. The prescription drug claims for the dual eligibles that are now covered under Medicare Part D were removed from the claims experience. All other categories of service in the base data were included in these calculations.
 - A large decrease in facility-related incurred claims was noted for the first quarter months of July, August, and September of one state fiscal year. For this reason, claims for the first quarter of this specific SFY were removed and estimated as 1/3 of the claims for the remaining 9 months.
 - The state pays the costs of medical education and disproportionate share hospital payments directly and the costs are therefore not included in the base FFS data. No adjustment is necessary.

State Plan TN # MS-07-020
 Superseded TN # NONE

Effective JUL 01 2008
 Approved MAR 07 2008

State/Territory: IOWA

2) Eligibility Data

The eligibility data provided by Iowa DHS was used to determine the total number of months of eligibility for Medicaid members meeting the eligibility requirements of PACE. A Medicaid member was considered eligible for PACE by month if the member was 55 years of age or older, a resident of one of the proposed service areas, and identified as nursing home eligible.

The eligibility data provided by DHS provided information on all Medicaid members for each month of the base period. The eligibility data for the base period was then summarized by age, gender, and regional groupings. The eligibility for the first quarter of the SFY identified in the previous section (3.a. bullet 4) was adjusted in a manner similar to the claims as described above.

3) Adjust Base Period Data

The base period data was adjusted. The adjustments are discussed further below:

a) Co-payments

Because the reimbursed amounts in the base FFS data are net of co-payments, co-payments are added back to the reimbursed amounts. Because the co-payments in the base data include client participation amounts, these amounts have also been added to the reimbursed amounts. Client participation amounts, calculated on an individual basis, will be removed from the capitation rate before actual payment is made to the PACE organizations.

b) Incurred Claims

Completion factors were derived from a claim triangulation matrix (run-off method) developed for claims incurred before the end of the state fiscal year that were paid after the end of the fiscal year. Estimated amounts unpaid as of the final data contained on the claims tape were calculated from the claim triangulation matrix.

State Plan TN # MS-07-020
Superseded TN # NONE

Effective JUL 01 2000
Approved MAR 07 2000

State/Territory: IOWA

c) Prescription Drug Rebates

In addition to removing the costs of prescription drugs covered under Part D for dual eligibles, prescription drug costs were further reduced by an expected rebate percentage of 23% based on the state's historical costs.

d) MediPASS

No adjustment was made for MediPASS (Iowa's Primary Care Case Management program) because no MediPASS claims were identified in the base data.

e) Financial Experience

As this is a proposed program, there is currently no financial experience for the potential PACE organizations.

f) Third Party Liability (TPL)

Because the reimbursed amounts in the base FFS data are net of third party payments, no adjustment is necessary.

g) Investment Income

Due to the difference in timing of claim payments and the payment of a capitation rate, an adjustment for the investment income earned by the state under the FFS program may be made to the UPL. CMS has indicated that the investment income adjustment is optional. No adjustment has been made.

h) Program/Policy Adjustment

No program/policy adjustments are necessary.

i) Utilization Trend

Trend adjustments were made to account for changes in utilization patterns in intensity and mix of service and technology. Utilization trend adjustments of 4% per year were made based on the historical utilization trends as estimated from the base data and based on actuarial judgment after reviewing similar programs in other states.

State Plan TN # MS-07-020
Superseded TN # NONE

Effective JUL 01 2008
Approved MAR 07 2008

State/Territory: IOWA

j) Price Trend

In addition to the utilization trend adjustments mentioned above, trend adjustments were also made to the base data to account for changes in price levels for medical services. The source of the adjustment is legislated price increases provided by Iowa DHS.

k) Administrative Expenses

The administrative costs associated with the FFS program are assumed to be approximately 2% of total allowed charges. This cost was added to the baseline data to account for costs of the FFS program to the state.

l) Combine Experience Years

The three years of data were combined with a higher weighting placed on the most recent year and 25% for each of the two earlier years.

4. Calculate Upper Payment Limit

CMS requires that capitation payments to PACE organizations for Medicaid eligibles not exceed the Upper Payment Limit (UPL), which represents the cost of providing services to an actuarially equivalent population in a FFS program.

The UPLs were determined by applying the adjustments discussed above to the baseline FFS data. After reviewing the relative magnitudes of the various rate cell groupings, the experience for the small number of non-dual eligibles aged 65 or greater was combined with the experience for the non-dual eligibles aged 55-64. Also, the experience for males and females was found to be similar and was therefore combined. The resulting rates were then reviewed for smoothness.

5. Calculate Capitation Rates

In order to ensure a savings to the Medicaid program, the UPLs were reduced by 5%.

- C. The state will submit all capitated rates to the CMS Regional Office for prior approval. As directed in II.A, the state has attached the Milliman report. It describes the negotiated rate setting methodology and how the state will ensure that rates are less than the cost in fee-for-service.

State Plan TN # MS-07-020
Superseded TN # NONE

Effective JUL 01 2008
Approved MAR 07 2008

State/Territory: IOWA

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 Medicaid agency and the state administering agency are the same entity.

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.

State Plan TN # MS-07-020
Superseded TN # NONE

Effective JUL 0 1 2008
Approved MAR 0 7 2008