UnityPoint Health

1776 West Lakes Parkway, Suite 400
West Des Moines, IA 50266
unitypoint.org

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Jennifer Steenblock, Federal Compliance Officer
Iowa Medicaid Enterprise
Iowa Department of Human Services
100 Army Post Road
Des Moines, IA 50315

RE: SPA #IA-18-007
Submitted electronically via jsteenb@dhs.state.ia.us

Dear Ms. Steenblock,

UnityPoint Health (UPH) and Siouxland PACE are pleased to provide input in response to the public and tribal notice regarding "Program of All-Inclusive Care for the Elderly (PACE) Technical Changes." UPH is one of the nation's most integrated healthcare systems. Through more than 30,000 employees and our relationships with more than 290 physician clinics, 32 hospitals in metropolitan and rural communities and home care services throughout our 9 regions, UPH provides care throughout Iowa, Illinois and Wisconsin. ***Siouxland PACE started in 2008 with assistance from a CMS Rural PACE Development grant. Since 2011, Siouxland PACE has been under the ownership of UnityPoint Health – St. Luke's, a UPH senior affiliate in northwest Iowa. Currently, 188 Participants are receiving PACE services within the Siouxland PACE four-county service area in northwest Iowa and more than 450 Participants have received PACE services since 2008.***

As stated in the public and tribal notice, the purpose of the State Plan Amendment (SPA) is to propose "technical changes regarding the development of PACE capitation rates, counties served by the PACE program, and alignment of approved methodologies and processes." UPH and Siouxland PACE appreciate the time and effort of Iowa Medicaid Enterprise (IME) in developing and proposing this SPA. We respectfully offer the following comments.

CORRECTIONS TO THE PACE STATE PLAN AMENDMENT (SPA)

The SPA (State Plan TN# MS-07-020) has not been revisited since its initial approval in March 2008. Since that time, the State of Iowa and the state administering agency (SAA), Iowa Medicaid Enterprise, have experienced changes in the number of PACE Organizations, their service area, the general prevalence of Medicaid managed care (from fee for service), as well as the contracted actuarial firm. **Where the SPA specifically includes obsolete references, we are supportive of technical changes to reflect the current environment.** For instance, references to Siouxland PACE as the single state PACE Organization (PO) should be made more general to reference the fact that there are multiple POs within the state. The same holds true for counties in PACE service areas. We also support the proposed response provided to the inquiry for "the name, organizational affiliation of any actuary used." Instead of naming an actuarial firm,

IME indicated that the "Iowa Department of Human Services (DHS) retains actuary services.," which fails to identify a particular actuarial firm but does allow the state flexibility in hiring a contracted firm.[1] While not technically responsive, we understand IME's desire for flexibility in contracting without invoking future SPA processes for technical and administrative functions and would encourage CMS to revise its template to permit this practice. We are supportive of the technical revisions to the PACE SPA.

SUBSTANTIVE RATE SETTING CHANGES WITHIN THE PACE SPA

In terms of the proposed revisions to rate setting methodology, we believe that the PACE SPA on its face contains significant substantive changes through omission that raise concerns. As background, 42 CFR 460.182 requires that the Medicaid monthly capitation payment "is less than the amount that would otherwise have been paid under the State plan if the participants were not enrolled under the PACE program[,] takes into account the comparative frailty of PACE participants[, and] is a fixed amount regardless of changes in the participant's health status." In furtherance of this requirement, the PACE SPA template[2] requires the SAA to describe "the negotiated rate setting methodology and how the state will ensure that rates are less than the cost in fee-for-service." As explained below, the proposed methodology proposes changes that are beyond technical. **As proposed, this SPA fails to inform POs or CMS how the SAA intends to set rates and it prioritizes regulatory flexibility through vague assertations instead of providing public transparency and setting clear standards.**

The 2008 SPA provided a detailed description of the PACE rate setting methodology. In the proposed PACE SPA, the pendulum has swung in the opposite direction. The new methodology references in a sweeping summary fashion that the upper payment limit (UPL) will be developed, appropriate rate categories will be included, a percentage discount will be applied, any data sources and adjustments will comply with CMS guidance, and resulting rates will minimally meet 42 CFR 460.182 requirements. This description lacks any meaningful detail outside minimum rating setting requirements in the Code of Federal Regulations and CMS guidance.[3] As a result, **POs, CMS and the public do not know how the SAA intends to supplement the basic CMS requirements**, such as targeted rate cells. **This lack of detail hampers consistency in rate setting methodology and the ability of POs to proactively prepare for rate negotiations.** For instance:

- *Development of upper payment limit (UPL).* The only granularity in the description is that the rate will be developed using the available historical experience, which can include FFS claims, managed care encounter data, or any available source. Without understanding what other "available sources" may include, it is difficult to determine whether these sources are appropriate for PACE rate setting and their potential impact. We are also interested in how this historical experience will incorporate frailty data or acuity risk scores.
- *Development of appropriate rate categories*. It is unknown what rate cells will be used – age, gender,

[1] The amendment reads "Iowa Department of Human Services (DHS) retains actuary services" in response to Section II.B. of the CMS PACE SPA Template accessed at https://www.medicaid.gov/state-resource-center/downloads/spa-and-1915-waiver-processing/pace-spa-template.pdf

[2] Medicaid.gov, PACE SPA Template accessed at https://www.medicaid.gov/state-resource-center/downloads/spa-and-1915-waiver-processing/pace-spa-template.pdf

[3] CMS, PACE Medicaid Capitation Rate Setting Guide, December 2015, accessed at https://www.medicaid.gov/medicaid/ltss/downloads/integrating-care/pace-medicaid-capitation-rate-setting-guide.pdf

region, and/or eligibility category – and the omission of any specifics permits categories to be changed at the whim of the SAA or actuarial firm with each new rate setting cycle.

- *Use of base data sources and adjustments in accordance with CMS guidance.* It is unknown what adjustments will be considered. Under the 2008 SPA, adjustments included: 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; and Administrative expenses.

Basically, these vague descriptors reiterate minimum CMS standards without detailing SAA policy direction, except that rates will be set as a percentage of UPL. We do not believe this SPA is responsive to the PACE SPA template. In California's recently approved SPA[4], the methodology description (while experience-based) was more robust. **We request that more detail be provided in the methodology description or alternatively that the 2008 rate setting methodology description be reinstated with the addition of data sources outside fee-for-service to include Iowa's managed care environment.** We prefer the 2008 description with its detailed parameters because it has enabled us to better understand the rate setting ground rules and to plan for rate setting negotiations. Under the proposed SPA, POs (as well as CMS and the public) will have little understanding of rate setting principles until the rate setting package is released.

The rate discount as proposed is also a concern. The 2008 SPA establishes the capitation rate at 95% UPL amount. The proposed methodology does not establish a set rate, nor describe how it will be determined or what factors will be considered. This is another instance where a clear standard has been replaced by an imprecise standard that lacks execution details. **We also request that the 95% rate be reinstated to assist with budgeting and financial planning for our frail, elderly PACE population.**

REQUEST FOR CLARIFICATION WITHIN THE PACE SPA

The proposed SPA (IA-18-007) supersedes the 2008 SPA (MS-07-020) on pages 2 and 6-10; however, it appears to leave intact MA-07-020, pages 1, 3-5 and 11-12. Is this correct? If so, **we seek clarification as to whether MS-07-020, page 11 and/or 12, were intended to be superseded with reserved pages**. While the new content in IA-18-007 ends with Section II.B.3., this does not seem to fit with page 11 of MS-07-020 which begins with Section II.B.2(c)(3)(j). We appreciate your guidance.

We appreciate this opportunity to provide comments to the proposed PACE SPA and its impact on our PACE program and our frail, elderly Participants and their families. To discuss our comments or for additional information on any of the addressed topics, please contact Cathy Simmons, Government and External Affairs at Cathy.Simmons@unitypoint.org or 319-361-2336.

Sincerely,

Randy Ehlers, MSW
Executive Director, Siouxland PACE

Cathy Simmons, JD, MPP
Executive Director, UPH Regulatory Affairs

[4] California SPA, June 2018, accessed at http://www.dhcs.ca.gov/formsandpubs/laws/Documents/18-005approved.pdf