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Supplement 3 to Attachment 3.1-A



STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of **Louisiana**

Name and address of State Administering Agency, if different from the State Medicaid Agency.

_____

_____

I. Eligibility

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

A. __X__ 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:

42 CFR 435.120 and 42 CFR 435.236

(If this option is selected, please identify, by statutory and/or regulatory reference, the institutional eligibility group or groups under which the State determines eligibility for PACE enrollees. Please note that these groups must be covered under the State's Medicaid plan.)

B. __X__ 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.

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(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:

   _____
   _____

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)

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(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)

(b) Medical and remedial care expenses in 42 CFR 435.726.

**Regular Post Eligibility**

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) **42 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: _____%

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(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:

_____

_____

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.

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5.____The amount is determined using the following formula:

_____

_____

6.____ Other

7.____ Not applicable (N/A)

(b) 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:

_____

_____

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,

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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. X 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 initial capitation rates.

C. The Medicaid payment to a PACE organization on behalf of a Medicaid-eligible participant shall be a prospective monthly capitated amount that is less than the amount that would otherwise have been paid under the State plan if the participant was not enrolled under the PACE program.

1. The PACE capitation rate is set as a percentage of the UPL for what the State would have expected to pay under fee-for-service for the enrollees. The rate shall not exceed 95% of the UPL. The UPL was established by utilizing all payments and months of eligibility for nursing facility and HCBS waiver enrollees for the Elderly/Disabled and Adult Day Health Care waivers who met the PACE enrollment criteria, including requiring a nursing facility level of care, who are

QMB Plus, Medicaid (non-QMB) and SLMB Plus. Claims for QMB Only, QDWI, SLMB Only, and QIs were excluded based on Type Case.

2. Claims and eligibility data were collected for all PACE eligible individuals and three rate groups were established – those with Medicare Part A or Medicare Parts A & B; those with Medicare Part B only and those with Medicaid only. The average cost per enrollee per month for each rate group was calculated for each month based on date of service by dividing the total cost of all PACE eligibles by the total eligible member months for those eligibles for a twenty-four month period. In order to accommodate lag time between date of service and date of payment, data was extracted in June from claims paid as of the end of May 2004. A 12 months average was calculated and multiplied by 12 to estimate annual average cost per enrollee for SFY 2002-03. Percentage change between the two periods was taken for projecting utilization trends for the future contract period. Adjustments were made to reflect third-party liability, pharmacy rebates, enrollee cost sharing and programmatic changes in fee-for-service after the data was compiled such as implementation of State Plan option for Long Term-Personal Care Services. The base FFS was then trended to the contract period and adjusted to reflect the upper payment limit. Inflation based on historical fee-for-service data was used. Rates were set as a percentage of the UPL. Medicare Buy-In costs were not included.

3. Medicaid will continue to pay fee-for-service payments for deductibles and co-insurance for QMB Only, QDWI, SLMB Only and QIs as they are not included in the UPL or capitated rate calculation.

4. The State is using the open cooperative contracting option and plans to set the rate not to exceed 95% of the UPL, taking into consideration the start-up costs, experience with managed care, etc.

D. There shall be a minimum of two Medicaid upper payment limits calculated annually:

1. one for participants who are eligible for both Medicare and Medicaid; and
2. one for participants who are eligible only for Medicaid.

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

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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.

IV. Reimbursement

A. Participants shall be eligible for Medicaid payment of the PACE premium on their behalf if they meet the categorically needy income and resource criteria for Medicaid eligibility for a nursing facility or home and community based waiver services. No retroactive capitated payments shall be made.

B. Medicaid payment to a PACE organization shall be made for each Medicaid eligible participant who is identified on Medicaid files as linked to the PACE provider and is enrolled for the subsequent month. Enrolled participants are those who have signed an enrollment agreement and who have been linked by Medicaid to the PACE provider.