

State/Territory: IOWA**II. Payments and Rates**

- A. The state assures CMS that the capitated rates will be less than the cost to the agency of providing state plan approved services 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 amount the state would have otherwise paid for a comparable population.
1. Rates are set at a percent of the amount that would otherwise have been paid for a comparable population
 2. Experience-based (contractors/state's cost experience or encounter data) (please describe)
 3. Adjusted community rate (please describe)
 4. Other (please describe)

AWOP Development

The state's contracted actuary calculates the amount that would have otherwise been paid (AWOP) for PACE-eligible individuals in accordance with 42 CFR § 460.182 and the PACE Medicaid Capitation Rate Setting Guide. The AWOP represents the cost the state would have incurred to provide Medicaid-covered services to a comparable population in the absence of PACE enrollment.

The AWOP is developed using the most recent and appropriate Medicaid claims and eligibility data available, including managed care encounter data, fee-for-service claims data, and enrollment information as appropriate, with necessary data adjustments. The data used for AWOP development is no more than three years prior to the rating period.

The rate cell development is based on characteristics that materially impact expected costs and utilization, including, but not limited to, age and Medicare eligibility status. The underlying data is adjusted, as necessary, to ensure alignment with the PACE-eligible population, including limiting the population to individuals aged 55 and over and reflecting the service mix and delivery system applicable to that population.

Appropriate adjustments are applied to ensure the AWOP reflects the expected cost of services for the rating period and includes all Medicaid state plan services covered under PACE. These adjustments may include, but are not limited to, changes in utilization, reimbursement levels, programmatic and policy changes, and other factors necessary to reflect the cost of a comparable population.

A regional cost analysis is subsequently conducted to adjust the experience among the counties within the PACE service areas. Separate per-member-per-month (PMPM) rates by cohort and region are calculated by blending AWOPs for nursing home and waiver populations. The population mix of the PACE-comparable group is used to blend the nursing home and waiver populations into the final rating cohorts used for payment. No members enrolled with any PACE organizations operational in the state, or their claims, are included in development of the AWOP.

Separate AWOPs are developed for each applicable rate cell and are calculated for a period of no longer than 12 months.

Rate Setting

The state establishes PACE capitation rates for each rate cell based on the corresponding AWOP and ensures that all payment rates are less than the AWOP for the applicable population.

Rates are developed on a per member per month basis and may vary across rate cells to reflect differences in expected costs. In establishing rates, the state considers multiple factors, including state appropriations, PACE provider's cost experience and changes in provider costs, utilization patterns, and other relevant market driven factors.

- B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner.
- C. 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.

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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.