



HEALTH DIMENSIONS GROUP

Comparison of PACE and MyCare Medicaid Rates: *Results for State of Ohio*

Prepared for National PACE Association
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Background on Scope of Work

Health Dimensions Group (HDG) was contracted by the National PACE Association (NPA) to develop a comparison between PACE and Managed Long Term Supports & Services (MLTSS) Medicaid capitation rates in selected states. This report compares Ohio Medicaid PACE rates to Ohio's dual eligible MLTSS program: MyCare.

The comparison process includes a review of available information on each state's rate setting approaches for PACE and the comparable MLTSS program. The analysis considers timing differences among the data; adjustments for differences in geographic location; effect of rate cells and differences in included/excluded services and/or eligibility criteria.

Every effort has been made to make the data as comparable as possible, however HDG's analysis is subject to the inherent limitations of the available data.

About Health Dimensions Group

HDG is a leading consulting and management firm, providing services to post-acute, long-term care, and senior living providers, as well as hospitals and health systems, across the nation. We have assisted over a third of PACE programs nationally in development and operational analysis.



Results for Ohio

Sources Used for Report
Comparability of Ohio PACE and MyCare
Results of Analysis
Conclusions

Sources Reviewed for this Report

- MyCare Ohio Capitation Provider Agreement Rate Summary (July 2020), Prepared for Ohio Department of Medicaid, Milliman, June 17, 2020
- Program of All-Inclusive Care for the Elderly (PACE), Development of SFY 2021 AWOP, Prepared for Ohio Department of Medicaid, Milliman, May 6, 2020
- State of Ohio, PACE Medicaid State Plan Amendment Pre-print, Supplement 4 to Attachment 3.1-A, effective 8/1/2016; most recent approval April 22, 2019
- NPA Upper Payment Limits in PACE: Trends in Medicaid Payments, March 2019
- Various other legislative studies and evaluative reports

Comparability of the MyCare and PACE Rates

MyCare is a dual eligible demonstration program in Ohio wherein Medicaid enrollment is mandatory and enrollees may opt-in to the corresponding Medicare plan option (opt-in) or remain in fee-for-service (opt-out).

Major points on comparability of Medicaid rate calculations:

- *The MyCare “opt-in” rates appear to be the most comparable to PACE for dually eligible (Medicare & Medicaid); data is available to separate opt-in from opt-out*
- *MyCare rates have a rate cell for the Nursing Facility Level of Care (NFLOC) population and data is available to segregate the MyCare population into age 55+ and above, facilitating comparability to PACE eligibility criteria.*
- *The nature and scope of benefits for MyCare are generally the same as PACE, including a comprehensive nursing facility care benefit in both cases.*

Conclusion: the population, benefit package and rate structure for PACE and MyCare allow for comparisons, however there are major differences with respect to assumptions applied to the data regarding utilization.

Essential Differences between MyCare and PACE: *Scale of the Programs is Very Different*

- As of July 2019, the MyCare Ohio demonstration had 80,788 enrollees, representing the second largest enrollment among the nine other capitated model demonstrations currently operating under the federal Financial Alignment Initiative.
 - MyCare Ohio has the highest enrollment penetration of all the demonstrations nationally, with 70% of eligible individuals enrolled.
 - Another 26,000 dually eligible beneficiaries in Ohio receive their Medicaid benefits only through MyCare Ohio plans after choosing not to enroll in the demonstration.*
- By contrast, Ohio has only one PACE program (Cleveland), with 626 enrollees (approximately 81% of which are duals).

Conclusion: the two programs operate at vastly different scales, but are generally comparable in terms of scope of services

*Source: Integrated Care Resource Center Case Study, August 2019

Essential Differences between MyCare and PACE: *PACE Rates Are Much Lower*

- **MyCare Monthly Dual Eligible Rate**
 - Opt-in dual rate for NFLOC* category **\$4,048**
- **PACE Monthly Dual Eligible Rate**
 - Dual eligible rate (Medicaid portion) **\$2,926**

Conclusions

- The PACE dual eligible (Medicare & Medicaid) rate is **\$1,012** per member per month (PMPM) lower than the comparable rate for MyCare duals (note: comparison does not adjust for age 55 cutoff for PACE) .
- Further, the PACE Medicaid-only rate is \$4,761, which is only \$700 higher PMPM than the MyCare dual eligible Medicaid rate, yet PACE plans are responsible for a much larger array of medical expenses than are MyCare plans. Hospitalization alone (\$800 PMPM) exceeds this differential (see Appendix A of Milliman PACE Development of AWOP, May 2020).

PACE Rates Compared to Amount Would Otherwise Have Been Paid (AWOP)

- Federal regulation requires that PACE Medicaid rates be less than the amount that otherwise would have been paid (AWOP) by the Medicaid state plan for PACE eligible individuals
- **Comparison of PACE to AWOP for SFY 2021**

	PACE	AWOP	PACE % of AWOP
Medicaid-only	\$ 4,761	\$ 5,874	81%
Dual	\$ 2,926	\$ 4,431	66%

Conclusion: PACE in Ohio is paid significantly below AWOP for both dual eligible and Medicaid-only. The national average Medicaid PACE rate is 87% of AWOP.*

*Source: NPA Upper Payment Limits in PACE: Trends in Medicaid Payments, March 2019.

One Factor Impacting the Difference Between PACE and MyCare Rates: *PACE Rates Have Different Assumptions Applied with Respect to Nursing Home Use*

From State Plan Amendment Approved April 22, 2019:

4. X Other (please describe): The capitation rates were developed from base fee for-service (FFS) data, My Care Ohio program data and adjustments underlying the PACE amount that would otherwise have been paid (AWOP). The PACE capitation rate development includes further adjustments to reflect the estimated distribution of nursing facility versus home and community-based service (HCBS) utilization and reduces the non-long-term services and supports component of the rate to reflect the expected impact of care management on services. (*emphasis added*)

Another Factor Driving the Medicaid Rate Differential between PACE and MyCare: *Use of Out-of-date Data*

- HDG developed a model to assess the comparability of Medicaid capitation expenditures for PACE and MyCare in northeast Ohio for a population that could be enrolled in either program
- After accounting for the relative mix of HCBS and Nursing Home utilization in both programs, HDG estimates that there is still a 14% difference in the underlying rates (see Appendix)
- A primary reason for the shortfall is that the PACE rates are set based on 2017 data that has not been updated to reflect changes in costs, whereas MyCare rates are adjusted forward to the rate current rate period

Conclusions

PACE is paid substantially below MyCare for an equivalent population

- For a comparable dual eligible enrollee, PACE receives a \$1,012 less for each member month than the same person in MyCare, a savings of over \$12,000 per enrollee per year when comparable persons are enrolled in PACE instead of MyCare.
- For Medicaid-only enrollees, PACE programs receive only \$700 more than the dual monthly rate (\$4048) for MyCare plans to cover all of the medical expenses of these participants, which is significantly insufficient to cover projected hospitalization and medication costs, let alone any other medical expenses.

For More Information



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Appendix

HDG Model to Compare Medicaid Expenditures for PACE vs. MyCare Adjusting for HCBS/Nursing Home Mix

Dual Eligible AWOP Detail for SFY 2021	Age 55-64 (15%)		Age 65+ (85%)		Age Blended	
	Institutional	HCBS Waiver	Institutional	HCBS Waiver	Institutional	HCBS Waiver
MyCare Opt-in (2021 \$)	\$ 5,412	\$ 3,306	\$ 5,412	\$ 2,945	\$ 5,412	\$ 3,001
Patient Liability Opt-in	\$ 794	\$ 12	\$ 794	\$ 12	\$ 794	\$ 12
Total MyCare Equiv 2021 \$	\$ 6,206	\$ 3,318	\$ 6,206	\$ 2,957	\$ 6,206	\$ 3,013
Proportion of Enrollees	38%	62%	42%	58%	41%	59%
(Actual MyCare mix))						
			AWOP SFY 2021 Northeast Region (Opt-in)			\$ 4,322
Implied Cost Deflator to 2017	86%	86%	86%	86%	86%	86%
HDG Simulation of Original PACE Dual Eligible Rate Calculation	Age 55-64 (15%)		Age 65+ (85%)		Age Blended	
	Institutional	HCBS Waiver	Institutional	HCBS Waiver	Institutional	HCBS Waiver
MyCare Opt-in (2017 \$)	\$ 4,655	\$ 2,843	\$ 4,655	\$ 2,533	\$ 4,655	\$ 2,581
Patient Liability Opt-in	\$ 683	\$ 10	\$ 683	\$ 10	\$ 683	\$ 10
Total PACE Equiv (2021 \$)	\$ 5,337	\$ 2,853	\$ 5,337	\$ 2,543	\$ 5,337	\$ 2,591
Proportion of Enrollees	12%	88%	12%	88%	12%	88%
(PACE mix)						
Note: areas shaded in yellow represent assumptions.					Approximate SFY 2021 PACE Dual Rate	\$ 2,920

Disclosure

The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought.

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