

NOTICE OF AGENCY ACTION

SUBJECT: Update to Payment Methodology for the Program of All-Inclusive Care for the Elderly

AGENCY: Massachusetts Executive Office of Health and Human Services

Summary of Agency Action

The Massachusetts Executive Office of Health and Human Services (EOHHS) intends to amend its Medicaid State Plan by updating the negotiated rate setting methodology for the Program of All-inclusive Care for the Elderly (PACE) effective September 27, 2025. This notice describes the proposed changes.

Description of Methods and Standards

EOHHS is introducing the following clarifications to payment methodologies for PACE.

- PACE payment rates will be lower than the amount that would otherwise have been paid (AWOP) absent PACE.
- MassHealth considers fee-for-service and managed care data when developing the AWOP.

In PACE, the AWOP and capitated rates are prospectively developed in accordance with the Centers for Medicare & Medicaid Services (CMS) PACE Medicaid Capitation Rate Setting Guide on a per member per month (PMPM) basis. The AWOP uses historical experience available during the base period and converts that experience, using generally accepted actuarial principles and practices, into appropriate baseline data for the contract period.

The AWOPs are developed using a blend of costs of comparably frail PACE-eligible members within Massachusetts' fee-for-service program and those within Massachusetts' managed care program(s). A statewide AWOP is developed for both the Medicaid only (including those with Medicare Part B Only) and Dual Eligible (Medicaid with full Medicare or Medicare Part A Only) rate cells.

The state will ensure that the final rates paid to PACE organizations will be less than the AWOP. EOHHS does not anticipate any increase or decrease in annual aggregate expenditures as a result of this amendment.

Justification

EOHHS is instituting these changes to align with CMS's PACE Medicaid Capitation Rate Setting Guide. Except for the changes in this notice, the PACE rate-setting methodology remains unchanged.

Individuals may submit written comments by emailing ehs-regulations@state.ma.us. Please submit electronic comments as an attached Word document or as text within the body of the

email with “PACE Payment Methodology” in the subject line. All submissions must include the sender’s full name and address. Individuals who are unable to submit comments by email should mail written comments to EOHHS, c/o D. Briggs, 100 Hancock Street, 6th Floor, Quincy, MA 02171. EOHHS specifically invites comments as to how the agency action may affect beneficiary access to care.

Copies of the proposed changes will be available at www.mass.gov/lists/special-notice or request a copy in writing from MassHealth Publications, 100 Hancock Street, 6th Floor, Quincy, MA 02171.

Published on the web and in the newspaper: September 26, 2025.

STATUTORY AUTHORITY:

42 U.S.C. §§ 1395eee(f); 1396u-4(f)

Related Regulations

42 CFR Part 460