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METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER  
MEDICAL CARE (Continued)

PAYMENT TO PACE PROVIDERS

**Rates and Payments**

- A. The State assures HCFA 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.  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 State will submit all capitated rates to the HCFA Regional Office for prior approval.

Vermont calculates the Upper Payment Limit and Payment Rates for PACE as follows:

**Data Source**

- Paid claims data and historical eligibility for SFY 2000, 2001 and 2002 (July 1, 1999-June 30, 2002)
  - Analysis does not include transactions outside of claims system
  - Nursing Facility expenditures adjusted for wage supplements
  - Excludes Qualified Medicare Beneficiaries (QMBs)

TN# 03-17  
Supersedes  
TN# None

Effective Date: 12/01/04  
Approval Date: 02/10/04