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## 42 C.F.R. § 460.180

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### Medicare payment to PACE organizations.

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(a) *Principle of payment.* Under a PACE program agreement, CMS makes a prospective monthly payment to the PACE organization of a capitation amount for each Medicare participant in a payment area based on the rate it pays to a Medicare Advantage organization.

(b) *Determination of rate.* (1) The PACE program agreement specifies the methodology used to calculate the monthly capitation amount applicable to a PACE organization.

(2) Except as specified in paragraph (b)(4) of this section, the monthly capitation amount is based on the Part A and Part B payment rates established for purposes of payment to Medicare Advantage organizations. As used in this section, “Medicare Advantage rates” means the Part A and Part B rates calculated by CMS for making payment to Medicare Advantage organizations under section 1853(c) of the Act.

(3) CMS will adjust the monthly capitation payment amount derived under paragraph (b)(2) of this section based on a risk adjustment that reflects the individual's health status. CMS will ensure that payments take into account the comparative frailty of PACE enrollees relative to the general Medicare population.

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