

Testimony February 16, 2015

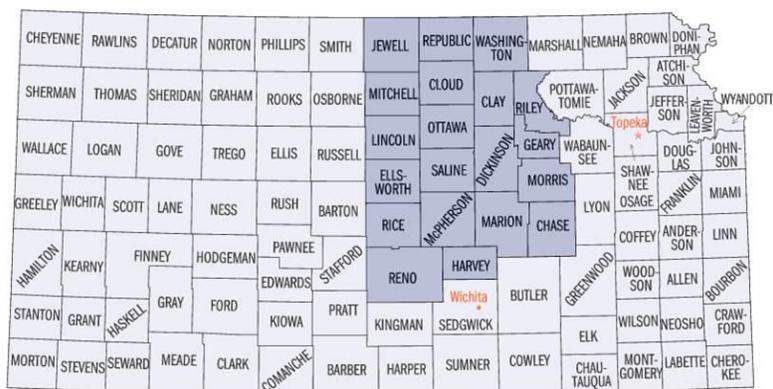
## **PACE (Program for All Inclusive Care for the Elderly) Senate Bill 142**

Madam Chairperson and Members of the Public Health and Welfare Committee,

Let me extend appreciation from Bluestem Communities for this opportunity to address your committee. My name is Chris Scott, representing Bluestem PACE, and I am requesting your support of Senate Bill 142.

### **Bluestem PACE**

As a step in budgetary management and enhancement in medical care for our senior population, KDADS pursued the expansion of PACE in our State. In October 2013, the State enlarged the service area of the two existing programs and awarded three new PACE territories. One of the three was awarded to Bluestem Communities Inc. (BCI), which manages the Schwalter Villa retirement community in Hesston and the Kidron Bethel Village retirement community in North Newton. The service area awarded BCI covers a 20-county area in the central portion of the state. This territory, to our knowledge, is the largest territory to be served by a single PACE program. Extensive research has gone into the development of a business plan that can effectively serve an area of this size and maintain the high quality of care that is central to the PACE model. A significant element of this plan involves the leasing of space for PACE operations.



### **Purpose of the New Bill**

The purpose of the new bill is to exclude PACE programs from Adult Daycare (ADC) statutory definitions. KDADS has compared the regulations of PACE with that of ADCs and has found no reasons to retain the ADC license finding that the standards of care in the PACE regulations satisfy State regulations and, in many instances, far exceed ADC regulations. KDADS assisted in drafting the proposed change in language that follows below.

(b) The term "adult care home" shall not include institutions operated by federal or state governments, except institutions operated by the director of the Kansas commission on veterans affairs office, hospitals or institutions for the treatment and care of psychiatric patients, child care facilities, maternity centers, hotels, offices of physicians or hospices which are certified to participate in the Medicare program under 42 code of federal regulations, chapter IV, section § 418.1 et seq., and amendments thereto, and which provide services only to hospice patients, or centers approved by the centers for medicare and medicaid services as a program for all inclusive care for the elderly (PACE) under 42 code of federal regulations, chapter IV, part 460 et seq., and amendments thereto, which provides services only to PACE participants.

### Summary of reasons for the change:

#### Poor Use of Resources

1. PACE programs do not operate in the same fashion as adult daycare facilities and the ADC survey process is not applicable, making the process awkward and challenging for the operators and surveyors.
2. The survey process is costly for the State and the operators in staff time and best utilization of resources.

#### Limits PACE Expansion

1. Current ADC statute requires that **landlords who lease space to PACE programs be co-holders of licenses**, extending liability for ADC operations on to them.
2. If a landlord would assume such liability and then decide to withdraw from that liability, the PACE program would not be able to continue operating and would lose the substantial investment in development of operations. This also would cause a disruption of services for the elderly being cared for by the program.
3. In the new expansions initiatives, two of the operators are leasing facilities and the third is exploring that option as well. If this bill is not passed, it will at least greatly delay, if not stop, PACE program expansion entirely. Passage of the bill will allow the collaborative initiative among PACE providers, the Secretary of Aging office, CMS and the residents of Kansas communities to advance efforts to serve more poor, vulnerable seniors throughout the state.

## **PACE Program Overview**

### **PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY (PACE)**

As part of the Balanced Budget Act, legislation passed in 1997 established PACE as a permanent provider under both Medicare and Medicaid.

As of April 2013, 93 organizations operate **110 PACE programs in 30 states**. PACE is the first program since Hospice to be established as a permanent provider under Medicare.

The primary goal of the program is to keep seniors safely in their communities and homes for their entire lives.

Based on the successful On Lok Adult Day Center's capitated long-term care model in San Francisco, Medicaid and Medicare use a **capitated-payment** approach. This approach gives the center a lump sum for each of the program's participants, rather than the traditional payment-for-service model.

The funds are pooled and used as needed to meet the care demands of the individuals in the program. It works similar to the insurance model where risk of high cost of care is offset by the size of the participation pool. It is the goal of the program to keep people healthy with early intervention to achieve better health and minimize costly care situations.

**PACE is a comprehensive, holistic, managed-care program.** It operates as a center based program. The center provides support services such as hot meals, social programming, and daily needs fulfillment such as laundry, showers and medical care. It has proven to reduce frail seniors' use of hospitals and nursing homes. This is accomplished through intensive primary care by an interdisciplinary team made up of physicians, nurses, therapists, social workers, pharmacists, chaplains, health care aides and others who collaborate to develop and implement a personalized care program. This team is directly responsible for patient care.

Having regular, weekly contact with the participant allows the interdisciplinary team to assess patient needs and progress. Modifications to care plans are made for early intervention as changes occur. Combined with home care and transportation services, provided by PACE, the program is a fully encompassing, life-care service. PACE is focused on treating the whole person, not just their combination of medical conditions.

PACE has been shown to **reduce health care costs up to 35%**. Most participants live out their lives at home, with **only 9% permanently going into long-term care**.

To qualify for PACE, a person must be **Medicaid-qualified and nursing home-eligible**, plus be able to live at home safely with home health assistance. If an individual is not Medicaid-qualified, he or she can join PACE as a private-pay participant.

### **The average PACE participant:**

- is female (73%);
- 80 years old;
- exhibits 7.9 diagnoses, based on ICD-9 codes (International Classification of Diseases), which are used to code signs, symptoms, injuries, diseases and conditions such as heart disease, respiratory disease and diabetes;
- presents 3.6 Activities of Daily Living (ADL) impairments (i.e., bathing, dressing, toileting, transferring, continence, feeding); and
- displays 7.2 Instrumental Activities of Daily Living (IADL) impairments (i.e., using the telephone, shopping, food preparation, housekeeping, laundry, using transportation, responsibility for taking medications, managing money).

### **Eligibility for PACE is restricted to those who are:**

- age 55 or older;
- certified by the State Medicaid Agency to need the level of care (LOC) required under the State Medicaid Plan for coverage of nursing facility (NF) services;
- located within an approved PACE service area; and
- living in a residence that meets health and safety standards, with family members

The need for services is growing. In 2011, more than 40.5 million Americans were older than 65 years of age. By 2030, it is estimated there will be more than 72 million (1 in 6).

### **PACE is good stewardship:**

- National cost for building a 60-bed nursing facility runs in the neighborhood of \$8 million
- To establish a PACE Center that can serve up to 300 individuals, the costs are \$5-\$8 million
- National costs for nursing home care is averaging \$90,000 a year, while with the PACE program it is in the neighborhood of \$60,000

### **PACE participants self report:**

- better self-rated health status
- better preventive care
- fewer unmet needs
- less likelihood of depression
- less pain
- better management of health care
- high satisfaction with their quality of life and the quality of care they receive

**PACE and similar care models are the future of elder care for our country.**