

Approved: May 8, 2009

Date

MINUTES OF THE SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

The meeting was called to order by Chairman Jim Barnett at 2:35pm on May 7, 2009, AT THE RAIL of the Capitol.

All members were present except:

Senator Jeff Colyer- absent
Senator David Haley- absent
Senator Laura Kelly- absent
Senator Vicki Schmidt- absent

Committee staff present:

Nobuko Folmsbee, Office of the Revisor of Statutes
Kelly Navinsky-Wenzl, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Jan Lunn, Committee Assistant

Senator Barnett briefed those attending on **HB 2366 - All-inclusive care for the elderly (PACE) program**. This bill was passed through the house and referred to the Public Health and Welfare Committee on March 24, 2009. **HB 2366** deals with all inclusive care for elderly through the Program for All-Inclusive Care for the Elderly (PACE) program whose goal is to keep individuals living independently in the community as long as possible (Attachment 1). This bill would exempt federally certified PACE programs in the Medicare/Medicaid program from the licensing requirement as a home health agency. This would eliminate unnecessary duplicative licensure costs.

Following brief discussion, Senator Kelsey moved the bill favorably for passage by the Senate. Senator Pilcher-Cook seconded the motion. The motion carried.

The meeting was adjourned at 2:39pm.

HB 2366 Brief¹

HB 2366, as recommended by the House Committee on Aging and Long Term Care, would amend current law concerning home health services. The bill would exempt Program for All-Inclusive Care for the Elderly (PACE) programs which are federally certified to participate in the Medicare or Medicaid Program and which only provide services to PACE participants from the provisions of the home health agency licensing act.

Background

The bill was introduced by the House Committee on Federal and State Affairs. Proponents of the bill included the Director of the Bureau of Child Care and Health Facilities from the Kansas Department of Health and Environment and the Director of the Nursing Facility and PACE Division from the Kansas Department on Aging. Written testimony was provided by a representative of Via Christi HOPE in Wichita. The proponents stated that federal law does not require a PACE program to be licensed as a home health agency and is not necessary to assure quality of care or services since the PACE provider must already meet the Medicaid and Medicare certification requirements, which includes a review of the provision of home health care. As a result, the licensing requirement as a home health agency is duplicative and adds unnecessary costs to the programs.

There were no opponents to the bill.

The fiscal note prepared by the Division of the Budget states the Kansas Department on Aging indicated the bill would have no fiscal effect on agency operations. The Kansas Department of Health and Environment indicated that receipts to the State General Fund for home health agency licensing fees would decrease by less than \$500 since the two PACE programs would no longer be required to obtain a home health agency license. The fiscal effect associated with HB 2366 is not included in The FY 2010 Governor's Budget Report.

¹ VoteTracker 2009

House Social Services Budget Committee
March 16, 2009

Information regarding the
Program for All-inclusive Care for the Elderly (PACE)

Dave Halferty, Director
Nursing Facility and PACE Division

PACE Overview

How PACE Began

The Program of All-Inclusive Care for the Elderly (PACE) is a capitated benefit that features a comprehensive service delivery system and integrated Medicare and Medicaid financing. The program is modeled on the system of acute and long term care services developed by On Lok Senior Health Services in San Francisco, California.

The PACE model was developed to address the needs of long-term care clients, providers, and payers. For most participants, the comprehensive service package permits them to continue living at home while receiving services. Capitation financing allows providers to deliver all services participants need.

The BBA established the PACE model of care as a permanent entity within the Medicare program and enables States to provide PACE services to Medicaid beneficiaries as a State option.

How PACE Works

An interdisciplinary team, assesses participants' needs, develops care plans, and delivers all services. These services are integrated for a seamless provision of total care. PACE programs provide social and medical services primarily in an adult day health center, supplemented by in-home and referral services in accordance with the participant's needs. The PACE service package must include all Medicare and Medicaid covered services, and other services determined necessary by the interdisciplinary team for the care of the PACE participant.

The Goal of PACE

The ultimate goal of PACE is to keep individuals living independently in the community for as long as possible. The coordination of services through the PACE organization is intended to enable frail older adults to remain in their homes longer and enhance their quality of life and autonomy.

Enrolling in PACE

To be eligible to enroll in PACE, an individual must meet the following requirements:

- (1) Be 55 years of age or older;
- (2) Be determined to meet the nursing facility level of care (loc) threshold;
- (3) Reside in the service area of the PACE organization; and
- (4) Be able to live in a community setting without jeopardizing his or her health or safety.

Payment for Services

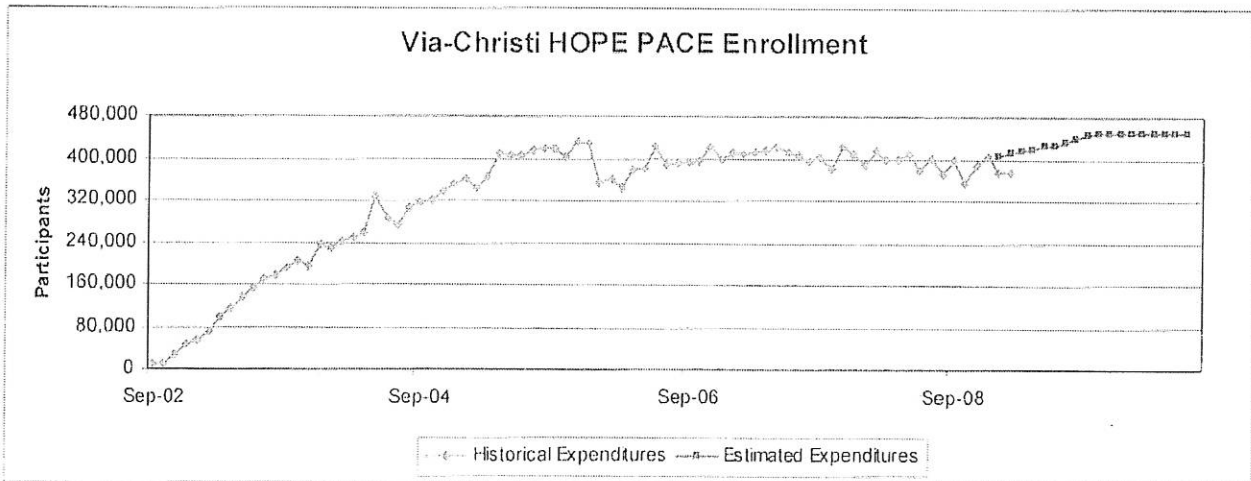
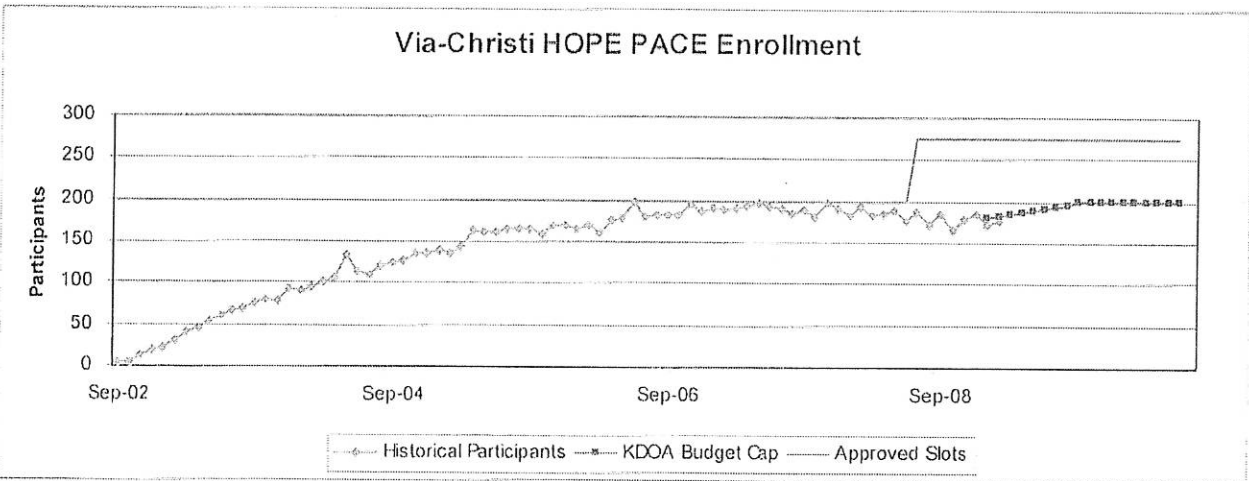
PACE is a managed care program and providers are reimbursed by a fixed per member per month payment, or capitation rate. The capitation rates are paid by Medicare, Medicaid, the individual, or a combination of those payer sources. PACE providers assume full financial risk for participants' care without limits on the amount, duration, or scope of services.

VIA-CHRISTI HOPE

Program of All-inclusive Care for the Elderly

PACE Fact Sheet

Location: Wichita, KS
Service Area: Sedgwick County
Start Date: September 1, 2002
Current Enrollment: 175 Medicaid beneficiaries and 11 private pay
(133 age 65+ w/Medicare, 33 age 55-64 w/Medicare, 9 Medicaid only)

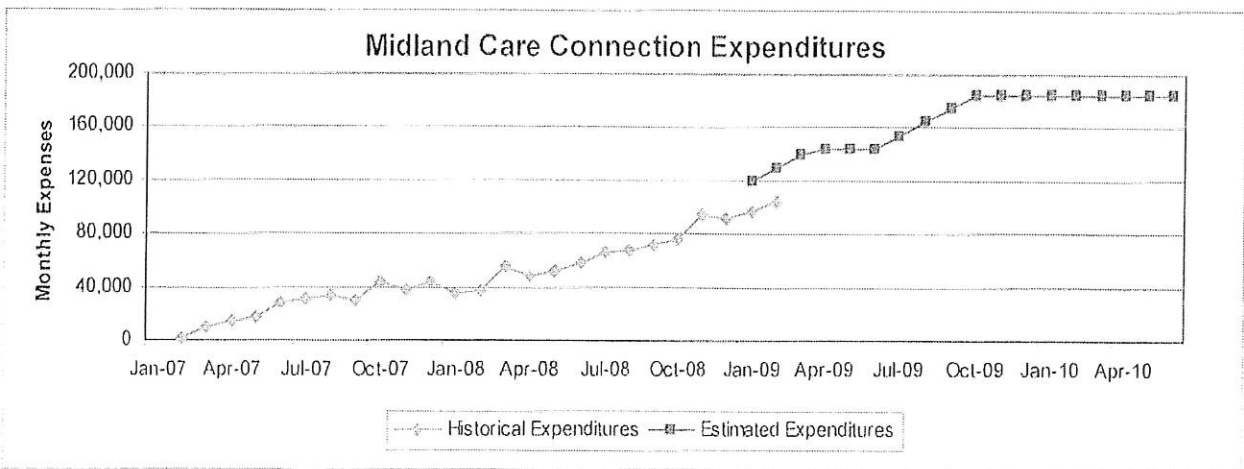
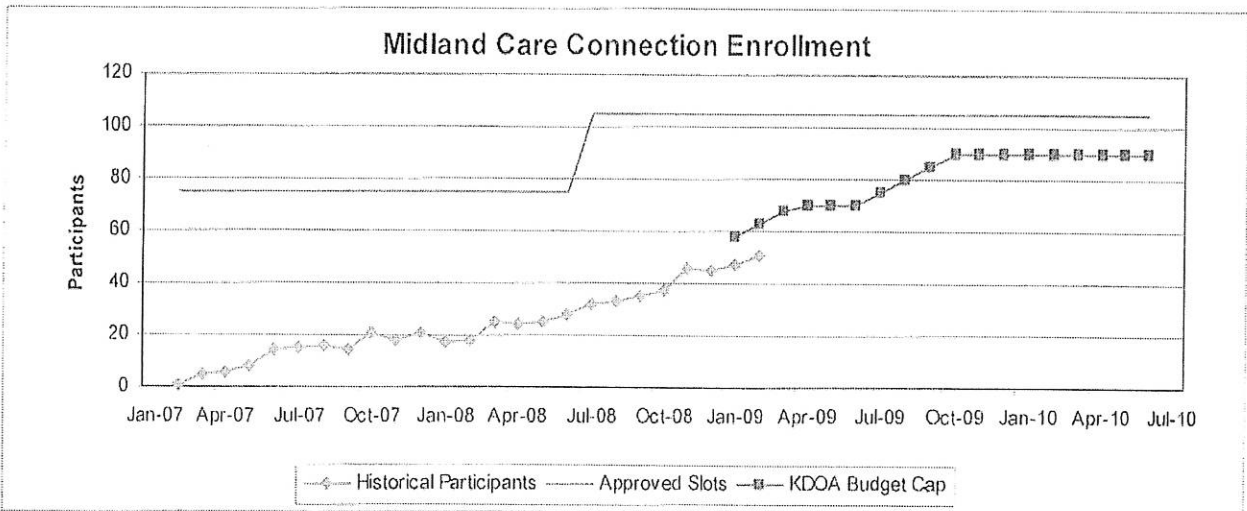


Midland Care Connection

Program of All-inclusive Care for the Elderly

PACE Fact Sheet

Location: Topeka, KS
 Service Area: Shawnee, Douglas, Jefferson, Jackson, Pottawatomie, Wabaunsee, Osage
 Start Date: February 1, 2007
 Current Enrollment: 51 Medicaid beneficiaries and 8 Private Pay (41 age 65+ w/Medicare, 9 age 55-64 w/Medicare, 1 Medicaid only)



PACE vs. Traditional Medicaid LTC Programs

<p>Nursing Home Services \$2800 24/7 Nursing Services and Supplies Room and Board Non-Emergent Medical Transportation Durable Medical Equipment</p> <ul style="list-style-type: none"> • Must meet NF LOC • average LOC = 66 	<p>HCBS Services \$950 Waiver Services</p> <ul style="list-style-type: none"> • Must meet NF LOC • average LOC = 50 	<p>PACE \$1895</p> <p>NF or HCBS Services</p> <ul style="list-style-type: none"> • Must meet NF LOC • average LOC = 57 <p>Medical Services Hospital Services Physician Services Pharmacy Lab and X-ray Ambulance Hospice Non-Emergent Medical Transportation Durable Medical Equipment</p>
<p>Medical Services \$146* Hospital Services Physician Services Pharmacy Lab and X-ray Ambulance Hospice</p>	<p>Medical Services \$180* Hospital Services Physician Services Pharmacy Lab and X-ray Ambulance Hospice Non-Emergent Medical Transportation Durable Medical Equipment</p>	<p>Protected Income (\$62in NF/747 in community) Personal Items / Room and Board</p>
<p>Protected Income (\$62) Personal Items</p>	<p>Protected Income (\$747) Personal Items Room and Board</p>	
<p>Total Medicaid \$2946</p>	<p>Total Medicaid \$1130</p>	<p>Total Medicaid \$1895</p>

*Medical services are paid for by various Medicaid programs managed by the Kansas Health Policy Authority

Sample PACE Rate Calculation

(This is only a demonstration. These figures are not based on historical data)

Medicaid Expenditures By Category of Service For 1,000 Recipients	
<u>Category of Service</u>	<u>Expense</u>
Nursing Facility	1,900,000
HCBS Services	900,000
Hospital	85,000
Physician	38,000
Pharmacy	9,000
Lab & X-ray	1,000
Ambulance	2,000
DME	5,000
Hospice	18,000
Non-Emergent Transport	34,000
Total	2,892,000
Per Member/Per Month UPL	2,892

- PACE rate calculation starts with upper payment limit (UPL) calculation.
- CMS requires actuarial certified UPL.
- Historical Medicaid expenditures for covered categories of service are used to determine the UPL for each PACE region.
- Expenditures only reflect Medicaid costs, Medicare rates are set separately.
- Aggregate expenditures for NF and HCBS Medicaid eligible participants are totaled.
- Total expenditures divided by member months gives UPL.
- Rates are negotiated and must be set at least 5% below the UPL.
- Current Kansas PACE rates have been negotiated at 25% below the UPL for individuals with Medicare and 10% below the UPL for individuals without Medicare.