



PACE

Program for All-Inclusive Care for the Elderly

House Social Services Budget Committee

Testimony by
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Representative Will Carpenter
House Social Services Budget Committee

Chairperson and Committee Members --

My name is Karren Weichert, CEO of Midland Care Connection. Midland is one of 3 providers in Kansas providing the Program of All Inclusive Care for The Elderly (PACE) with access to PACE currently in 23 counties. Those include: Sedgwick, Shawnee, Osage, Douglas, Jackson, Jefferson, Pottawatomie, Lyon, Leavenworth, Wyandotte, Marshall, Nemaha, Wabaunsee, Harvey, Marion, McPherson, Reno, Rice, Saline, Ellsworth, Ottawa and Dickinson.

PACE is an alternative to long-term care institutional placement and operates as a capitated managed care model for acute, non-acute and long-term care and supportive services. The PACE program assumes all risk associated with the participants medical and long term care costs. It's a comprehensive integrated benefit model that provides all the benefits of Medicare and Medicaid services.

PACE originated as a congressionally authorized demonstration in the mid-1980's in response to the needs of Medicare and Medicaid beneficiaries eligible for nursing home level of care who wanted to continue living in the community as an alternative to permanent nursing home placement. The challenges facing these beneficiaries included a long-term care system biased toward institutional care and a complicated, fragmented health care delivery system that impeded their timely access to preventive and primary care resulting in unnecessary utilization of high cost, institutional services. In many places, including Kansas, these same challenges persist today. In response, the PACE program utilizes an interdisciplinary team of practitioners, nurses, social workers, therapists, dietitians, home care, transportation providers and others to develop comprehensive care plans addressing the full continuum of PACE participants medical, social and long-term care needs. PACE Organizations are responsible for providing all Medicare and Medicaid covered services as well as any other services determined medically necessary to improve and maintain program participants overall health. PACE organizations are fully at risk and financially accountable for the cost and quality of all services provided. PACE programs are strongly incentivized to be proactive in addressing enrollees health care needs, thereby avoiding the consequences of inaction and poor coordination of care that are costly in both human and economic terms.

CMS sponsored evaluations of PACE have found the model effective in addressing the needs of the enrollee population which is characterized by multiple chronic illnesses, and significant functional and cognitive impairment. Cost comparisons indicate that PACE costs less, or at a minimum, no more than what Medicare would otherwise have spent for a comparable fee for service population. For the Medicaid side of care the rate-setting process is designed with the objective of assuring states cost savings relative to what they would otherwise have spent for beneficiaries eligible for Medicaid funded long term care services.

PACE was made a permanent part of Medicare/Medicaid in the late 90's in the Budget Reconciliation Act of 1997. It was originally adopted as a part of the Kansas Medicaid state plan in 2002. Growth of the program was limited for several years as enrollment was capped by the legislature and only one program was allowed (Via Christi Hope in Wichita) until Midland was successful in gaining approval from the state to begin PACE in Shawnee and the contiguous counties, with enrollment limited to 50 participants. For a number of years our state limited PACE growth by capping the number of persons who could enroll, but in 2013 the cap was eliminated when Medicaid, including long term care services, moved to the managed care model known as KanCare. At that time, since all Medicaid beneficiaries would be moving to a managed care model and since there is a cost savings even now over what the MCO's are paid, the PACE model became more accepted with the realization that limiting enrollment from the state perspective was counterproductive.

PACE, like the MCO's is managed care. The most significant difference is PACE focuses on a subset of the population, those seniors 55 and over at nursing home level of care functionally and cognitively. Ours is a high need, high cost population and we coordinate and manage all needed care within the dollars available. PACE is an alternative to traditional long-term care institutional placement and operates as a capitated managed care model for acute and non-acute services.

The PACE program assumes all of the risks associated with the participant's medical and long-term care needs. Those in PACE replace their Medicaid card with a PACE card as we become the payer for all of their medical care. Satisfaction with PACE tends to be very high as it aligns what most seniors want, to stay in familiar surroundings for as long as possible. It's also a predictable cost for the state as PACE providers are reimbursed a per member per month amount for each individual in care.

I'm here today asking for your continued support for frail, mostly low income, seniors served by PACE programs across our state. The increase in the protected income level approved in the last session has made a tremendous difference to persons accessing PACE. Prior to that change many were contributing as much as 1/3 of their income and more to cover their participant obligation. Some still are. There is legislation this session to increase the protected income

level to 150% of SSI. I ask you to support this effort. Due to the projected income level change in 09/2019, overall our older adults eligible for Medicaid/ KanCare within the PACE program have experienced a positive impact in several domains of their lives. Participants have been able to: decrease overall financial stress levels; been able to secure and maintain housing; decrease their overall medical debts owed for varying reasons; plan/ afford funeral and burial expenses; socialize within the community by being able to afford such necessities as transportation to participate in activities that benefit overall their physical/ behavioral health; food security by being able to afford healthier options when menu planning.

The most important aspect of the projected income level change, is each participant who had a decrease/ or discontinuance of the monthly obligation have experienced security in their health care, which has been the greatest impact in their overall progress while experiencing the health issues, chronic disease, and making their journey in the aging process.

It is extremely difficult to find safe affordable housing for low income seniors. The cost of housing and the cost of food today mean the higher the protected income level the less likely to have to resort to early nursing home placement. Many in our program today are paying more for their opportunity to have Medicaid than you and I are paying for private insurance. Because of the focus of PACE in that it serves very frail chronically ill, nursing home eligible participants, many states do not require PACE participants to have any obligation to be in the program, as the very nature of the program and payment methodology saves the state money.

Medicaid rates for PACE providers in our state are based upon services rendered to the SSI and medically needy populations residing in the service area. The upper payment limits (UPL's) include the aged, blind and disabled population expenses determined through an actuarial study that assess the cost of the caring for these individuals in the waiver programs and nursing homes. Once the upper payment level is established the state discounts it at least 5% and negotiates a rate with the PACE providers. Midland Care has been providing this program since 2006.

Midland Care and the other PACE providers have a contract with the state and with the Centers for Medicare/Medicaid to provide PACE services. Part of the contractual obligation the state has within the contract, is to assure that PACE is offered as an option for the targeted population. Under KanCare, Medicaid beneficiaries are automatically enrolled in one of the MCO's if they don't specifically choose one. However, those who qualify for PACE (55 and over and at nursing home level of care) are inconsistently given the option of enrolling in PACE. We believe that if the option of PACE was consistently presented to those qualified beneficiaries we would reduce the premature placement in nursing homes for a significant number of Medicaid enrollees.

Kansas can be very proud of being a leader in developing PACE as an option for seniors. Your continued support is necessary to not only ensure PACE is available for seniors in your area, but to reimburse for PACE at levels that are sustainable for the PACE providers. All PACE providers in this state are not-for-profit entities. We believe that all PACE providers should be sales tax exempt. Our current tax code is not written that way. Today, even as a not for profit provider of health services for more than 40 years, Midland Care is not sales tax exempt. I am asking you to support us this session in our efforts to change that oversight and grant Midland Care sales tax exemption.

Thank you for the opportunity to be with you today and share information about the Program of All-inclusive Care for the Elderly (PACE). I'm happy to stand for any questions.