MIDLAND CARE

To: Bethell Joint Committee on HCBS and KanCare Oversight

From: Shawn Sullivan, President/CEO of Midland Care Connection, Inc.

Date: December 15, 2020

RE: PACE Overview and Recommendations

Thank you for the opportunity to share a Program of All-Inclusive Care for the Elderly (PACE) program overview with the committee. Our organization is one of three PACE providers in Kansas and a unique not-for-profit integrated community care organization whose aim is to improve the quality of life for our aging population and to keep seniors at home and independent. Midland Care provides care and services to more than 1,600 people daily across 21 counties in Northeast Kansas. The post-acute and home-based services we provide include PACE, hospice, home health, meals on wheels, palliative care, adult day health, residential services through an assisted living and home plus community, and grief and loss counseling services.

The Program of All-Inclusive Care for the Elderly (PACE) model is centered on the belief that it is better for the well-being of seniors with chronic care needs and their families to be served in the community whenever possible. PACE serves individuals who are age 55 or older, certified by their state to need nursing home care, able to live safely in the community at the time of enrollment, and live in a PACE service area. While all PACE participants must be certified to need nursing home care to enroll in PACE, only about 5 percent of PACE participants nationally reside in a nursing home. If a PACE enrollee needs nursing home care, the PACE program pays for it and continues to coordinate the enrollee's care.

Delivering all needed medical and supportive services, a PACE program is able to provide the entire continuum of care and services to seniors with chronic care needs while maintaining their independence in their home for as long as possible. Services include the following:

- adult day center and clinic services that offers nursing; physical, occupational and recreational therapies; meals; nutritional counseling; social work and personal care;
- medical care provided and coordinated by a PACE physician familiar with the history, needs and preferences of each participant;
- home health care and personal care;
- all necessary prescription drugs;
- social services;
- medical specialties, such as audiology, dentistry, optometry, podiatry and speech therapy;
- respite care; and
- hospital and nursing home care when necessary.

The PACE model of care can be traced to the early 1970s when an organization called On Lok developed a comprehensive system of care for medical and social services centered around an adult day center. In the early 1980's, On Lok tested a new financing system for the Department and Health and Human

Kansas City
818 Ann Avenue
Kansas City, KS 66101
(913) 562-9951

Lawrence
319 Perry Street
Lawrence, KS 66044
(785) 842-3627

Ottawa
635 South Main Street
Ottawa, KS 66067
(785) 242-0002

Topeka
200 SW
Topeka,
(785) 23

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10 Services that paid the program a fixed amount each month for each person in the program. Federal legislation later extended the new financing system and brought ten more organizations into similar arrangements. The Balanced Budget Act of 1997 established the PACE model as a permanently recognized provider type under the Medicaid and Medicare programs. In 1999, there were only 30 PACE programs that were operational in 19 states. Today there are 131 sponsoring organizations of PACE programs with 263 PACE centers in 31 states.

The first PACE program in Kansas started in 2002 through Via Christi Health in Wichita. Midland Care started its PACE program in 2007. When KanCare was implemented several years ago, the enrollment cap previously placed on PACE was eliminated as any person eligible for PACE would instead be served through the more costly KanCare program if not enrolled in PACE. The Kansas Department for Aging and Disability Services (KDADS) also expanded market areas of Via Christi and Midland Care and awarded a new market to Bluestem PACE.

The enclosed PACE By the Numbers overview provides a great description of the positive outcomes achieved through this program. States pay PACE programs on average 13% less than the cost of caring for a comparable population through other Medicaid services, including nursing homes and home and community-based waiver programs. 95% of PACE participants live in the community even though they have on average 5.8 chronic conditions and 46% have dementia. Other positive outcomes include the following:

- A 24 percent lower hospitalization rate than dually eligible beneficiaries who receive Medicaid nursing home services.
- A 16 percent lower rehospitalization rate than for dually eligible beneficiaries age 65 and over.
- Less than one emergency room visit per member per year.
- Despite being at nursing home level of care, PACE participants have a low risk of being admitted to a nursing home.
- 97.5 percent of family caregivers would recommend PACE to someone in a similar situation.

The landscape of the health care system was already shifting to a more robust set of community-based options to keep seniors at home longer through coordinated care before we were impacted by a global pandemic. Our belief is that COVID-19 has served as an accelerant to this shifting landscape and that our state should take a fresh look at how to meet the desires of our seniors and most vulnerable to stay at home and decrease reliance on more costly facility-based options. The PACE program is an option that is primed to fill the gap and meet the needs of more seniors in our communities.

The public policy priorities for the three Kansas PACE providers in 2021 center on the need to reduce barriers to the PACE program and to put it on par as an option to the KanCare Managed Care Organizations (MCOs). Please call me at 785.230.8033 or email me at ssullivan@midlandcc.org if I can be of any assistance or support during the upcoming legislation session.

2021 Kansas PACE Programs Public Policy Priorities

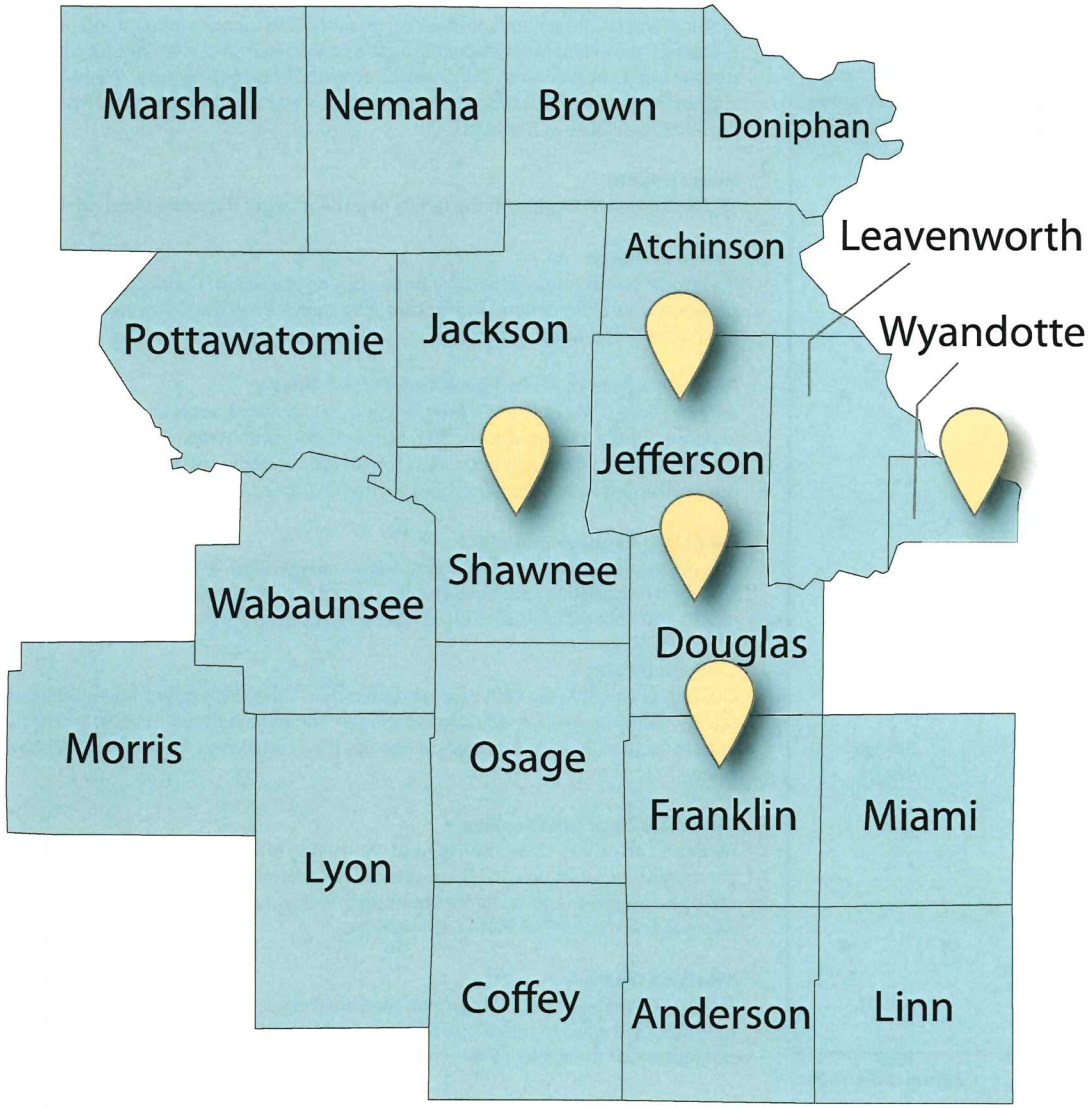
Increase the Protected Income Limit. The increase passed by the Legislature in 2018 that changed the protected income limit (PIL) from $747 to $1,177 per month positively impacted the access for vulnerable adults on Medicaid and at risk for nursing home placement. However, the current PIL of 150% of Supplemental Security Income (SSI) is still a significant barrier to PACE access for many individuals on Medicaid that are functionally eligible for nursing homes. The State's PACE programs advocate for an increase of the PIL from 150% of SSI to 300% of SSI, which is where most states have

their PIL. The fiscal impact of this would be approximately $4.4 million SGF to increase the PIL to 300% for Home and Community Based Services (HCBS) clients and PACE participants. The collective amount that PACE participants currently pay above the PIL as an obligation to the three PACE programs is $585,492 per year. The long-term impact of the PIL increase would be a cost savings to the State. Even after the increase of the PIL to 150% of SSI in 2019, there have been 50 potential PACE participants of Midland Care, 61 potential participants of Ascension Living Hope and 8 potential participants of Bluestem PACE that have chosen not to enroll into PACE due to the participant obligation the PIL creates. These 119 individuals have decided to not enroll into PACE in the last year are at a significantly higher risk for more costly nursing home stays and other Medicaid services.

PACE Rates Comparable to KanCare MCOs. PACE programs operate through a three-way partnership between the provider, state, and federal government. While the federal government provides overarching guidance regarding rate setting, PACE Medicaid capitation rates are negotiated between PACE organizations and the states. Federal law requires states to make a prospective monthly capitation payment to a PACE organization for a Medicaid participant that is less than what would otherwise have been paid under the state plan if not enrolled in PACE, considers the comparative frailty of participants, and is a fixed amount regardless of changes in a participant's health status. Accurate and fair Medicaid rate setting is central to the financial sustainability of PACE organizations as well as responsible stewardship of state financial resources. Appropriate rate setting for PACE results in rates that are cost-effective and sustainable for both the state and the PACE program.

The requirements specified by CMS for state rate calculations are intended to establish upper payment limits (UPLs) that reflect the cost that a Medicaid program otherwise would incur for the population enrolled in PACE. In 2015 CMS issued rate-setting guidance, which included expectations on how states will document and calculate the amount that otherwise would have been paid for a comparable population. It also indicated that the rates should be established prospectively and rebased annually, or at least every three years. An actuarial study was completed by the State in 2019 and rates were adjusted to correspond with the new UPL. Similar to the KanCare MCOs, PACE organizations are at full financial risk for all of a participants care. The PACE programs advocate for PACE Medicaid rates to be adjusted annually similar to how KanCare MCO rates are updated and adjusted instead of the current method where rates stay flat and then increased significantly every third year in order to comply with the federal requirements for rate setting.

Reinsert PACE into the Consensus Caseload process. Consensus caseloads is a process through which the Division of the Budget and the Legislative Research Department meet twice a year with social service and health state agencies that have entitlement programs to estimate expenditures for the current and upcoming fiscal years. The programs that are entitlement programs included in the process include KanCare, Medicaid Non-KanCare, Temporary Assistance to Families, and Reintegration/Foster Care. The PACE programs in Kansas were in Consensus Caseload several years ago prior to the cap on enrollment being lifted. The medical or physical health portion such as hospitalizations and physician visits of PACE are still included in the consensus caseload process. The remainder of PACE expenditures are not included in the consensus caseloads. PACE is a provider based managed care system and its expenditures to care for participants are made to settings that are included in the consensus caseload process including hospital inpatient and nursing facility costs. The Kansas PACE programs would advocate for all of PACE expenditures to again be included in consensus caseload process in order to become more on par with the KanCare MCOs.



Midland Care Service Area

Location

200 SW Frazier Circle, Topeka 66606
785-232-2044

818 Ann Avenue, Kansas City 66101
913-562-9951

319 Perry Street, Lawrence 66044
785-842-3627

635 S Main Street, Ottawa 66067
785-242-0002

Midland Care at Linnwood Park
1509 Linn Street, Valley Falls 66088
785-945-3634

Midland Care Services by County

MIDLAND CARE Hope, Comfort and Support	Adult Day Health	Home Health*	Thrive at Home*	Hospice	Grief and Loss	PACE	Palliative Care	Housing (AL or HP)	Meals on Wheels
Anderson				✗	✗				
Atchison				✗	✗				
Brown				✗	✗				
Coffey				✗	✗				
Doniphan				✗	✗				
Douglas		✗	✗	✗	✗	✗	✗		✗
Franklin			✗	✗	✗				
Jackson		✗	✗	✗	✗	✗	✗		
Jefferson		✗	✗	✗	✗	✗	✗	✗	✗
Leavenworth						✗			
Linn				✗	✗				
Lyon				✗	✗	✗			
Marshall				✗	✗	✗			
Miami				✗	✗				
Morris				✗	✗				
Nemaha				✗	✗	✗			
Osage		✗	✗	✗	✗	✗	✗		
Pottawatomie		✗	✗	✗	✗	✗	✗		
Shawnee	✗	✗	✗	✗	✗	✗	✗	✗	✗
Wabaunsee		✗	✗	✗	✗	✗	✗		
Wyandotte						✗			

Call 1-866-394-3600 to refer

Learn more at www.midlandcare.org

Current as of January 2019

* Patients in other counties may be served if their needs can be met based on staffing and requested services.

Hospice:
Midland Care offers an integrated community care delivery system addressing social, physical and spiritual needs, improving quality of life for our aging population to keep seniors at home and independent longer, as a vital part of our community. Unfortunately, disease and cancers do not discriminate, so we offer care to all ages. We offer home support, wherever home might be, and a supportive environment away from a patient's home at The House at Midland Care.

Home Health:
Midland Care will work with the family or patient to get the orders from their doctor.

Thrive at Home:
If a person needs more help in the home, but home health is not appropriate, we offer a program where the patient and/or caregiver can hire a private duty nurse/aide to assist in daily activities, errands and chores.

PACE - Program of All-inclusive Care for the Elderly:
Midland Care is the only PACE program in the northeast Kansas area, providing care and keeping people 55 and older in their homes longer with wrap around services, rather than moving them to a nursing home. The fourth option under the Kancare program, many of our participants pay little to nothing for this all-inclusive medical and social program.

Adult Day Center/Residential:
The day center includes meals, medication management, activities, an individual plan of care, and respite for a caregiver. The residential respite provides overnight care. The day center and residential respite is a private pay opportunity and can include transportation.

Linnwood Park:
Our independent living facility and home plus in Valley Falls offers a beautiful, quiet living facility. Offering meals, medication management and a full staff to assist in the care of your loved one ; just 25 minutes north of Topeka, it's a convenient location with a convenient price.

Center for Hope and Healing:
Midland Care offers 13 months of grief counseling after the loss of a loved one. Counseling can be given one on one, in group sessions, as a family session or as the grieving so chooses. We offer services to the community if they have suffered a loss, even if their loss was not one through Midland Care services.

Meals on Wheels:
Meals on Wheels, a nationally known meal delivery service to homebound community members. We want to make sure that everyone who is homebound still receives not only a hot, nutritious meal, but a well-check and social visit every day.

Fact Sheet

NATIONAL PACE ASSOCIATION

PACE: Frequently Asked Questions

What is PACE?

The Program of All-Inclusive Care for the Elderly (PACE®) is a comprehensive, fully integrated, provider-based health plan for the frailest and costliest members of our society – those who require a nursing home level of care. The PACE philosophy is centered on the belief that it is better for frail individuals and their families to be served in the community whenever possible. Although all PACE participants are eligible for nursing home care, 95 percent continue to live at home.

Who does PACE serve?

PACE serves over 51,000 participants in 31 states (see PACE in the States). PACE serves individuals who are age 55 or over and certified by their state as needing a nursing home level of care. The average participant is 76 years old and has multiple, complex medical conditions, cognitive and/or functional impairments, and significant health and long-term care needs. Approximately 90 percent are dually eligible for Medicare and Medicaid. PACE participants must live in a PACE service area and be able to live safely in the community with PACE services at the time of enrollment.

What benefits does PACE offer?

PACE organizations provide the entire continuum of medical care and long-term services and supports required by frail older adults. These include primary and specialty medical care; in-home services; prescription drugs; specialty care such as audiology, dentistry, optometry, podiatry and speech therapy; respite care; transportation; adult day services, including nursing, meals, nutritional counseling, social work, personal care, and physical, occupational and recreational therapies; and hospital and nursing home care, when necessary. In short, PACE covers all Medicare Parts A, B and D benefits, all Medicaid-covered benefits, and any other services or supports that are medically necessary to maintain or improve the health status of PACE program participants.

What makes the PACE model unique?

- **PACE Participants Are Served by a Comprehensive Team of Professionals:** Upon enrollment in PACE, participants and their caregivers meet with an interdisciplinary team (IDT) that includes doctors, nurses, therapists, social workers, dietitians, personal care aides, transportation drivers and others. Their needs are assessed, and an individualized care plan is developed to respond to all of the participant's needs – 24 hours a day, seven days a week, 365 days a year.
- **PACE Participants Receive Regular, "High-Touch" Care:** PACE participants receive comprehensive health and supportive services across a range of settings. At the PACE center they receive primary care, therapy, meals, recreation, socialization and personal care. In the home PACE offers skilled care, personal care supportive services, and supports such as ramps, grab bars, and other tools that facilitate participant safety. In the community PACE offers access to specialists and other providers.
- **PACE Is Both a Health Provider and a Health Plan:** PACE combines the intensity and personal touch of a provider with the coordination and efficiency of a health plan. IDT members deliver much of the care directly, enabling them to personally monitor participants' health and respond rapidly with any necessary changes. The PACE team also is responsible

The National PACE Association advances the efforts of PACE programs across the country.

675 N. Washington Street, Suite 300, Alexandria, VA 22314 • (703) 535-1565; FAX (703) 535-1566 • www.npaonline.org
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for managing and paying for services delivered by contracted providers such as hospitals, nursing homes and specialists. For more information, see *Core Differences Between PACE and Medicare Advantage and Core Differences Between PACE and SNPs*.

How is PACE financed?

PACE organizations receive fixed monthly payments from Medicare, Medicaid and private payers (for program participants who are not dually eligible). These funds are pooled, and care is provided following a comprehensive assessment of a participant's needs. This bundled payment provides a strong incentive to avoid duplicative or unnecessary services and encourages the use of appropriate community-based alternatives to hospital and nursing home care. For more information, see Medicare and Medicaid Payment to PACE Organizations.

How does PACE ensure quality care and cost-effectiveness?

PACE emphasizes the following processes, which are recognized as highly effective in the provision of primary care for community-based older adults with complex care needs:

- development of a comprehensive participant assessment that includes a complete review of all medical, functional, psychosocial, lifestyle and values issues;
- creation and implementation of a care plan that addresses all health and long-term care needs;
- communication and care coordination among all those who provide care for the participant; and
- promotion of participant and caregiver engagement in health care decision-making.

Furthermore, because PACE organizations are fully responsible for the quality and cost of all care provided, they have a financial incentive to provide all necessary care. According to the "HHS Interim Report to Congress: The Quality and Cost of the Program of All-Inclusive Care for the Elderly," Medicare costs for PACE and a comparable group were analyzed for a 60-month period and found to be similar, suggesting that Medicare capitation rates for PACE were set appropriately.

Similarly, the Medicaid statute requires that PACE rates be set below the upper payment level for a similar population. According to an analysis done by the National PACE Association, PACE rates are 13 percent less than the state costs of providing alternative services to a comparable population. For additional information on the quality and cost-effectiveness of PACE, see *NPA Analysis of PACE Upper Payment Limits and Capitation*.

How is PACE authorized and regulated?

Congress authorized PACE as a permanent Medicare provider and Medicaid state option in the Balanced Budget Act of 1997 by establishing Sections 1894 (42 U.S.C. 1395eee) and 1934 (42 U.S.C. 1396u-4) of the Social Security Act. In the Deficit Reduction Act of 2005, Congress established a program to expand PACE to rural areas of the country. Regulatory authority for PACE can be found in 42 CFR Part 460. Operationally, the PACE program is unique and implemented through three-way program agreements among the Centers for Medicare & Medicaid Services (CMS), states and PACE organizations. CMS and the state are responsible for monitoring the operations, cost, quality and effectiveness of PACE programs. For more information about PACE regulatory requirements, see 42 CFR Part 460 and the CMS PACE Manual.

Who sponsors PACE organizations?

PACE organizations often are part of larger health care systems or organizations, including hospital systems, medical groups, federally qualified health centers, area agencies on aging, hospice organizations, and collaborations among several different entities. Some PACE programs operate as stand-alone entities.

The National PACE Association advances the efforts of PACE programs across the country.

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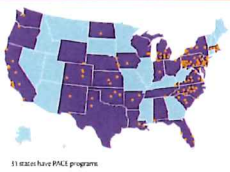
PACE by the NUMBERS

Programs of All-Inclusive Care for the Elderly

PACE IS GROWING



51 states have PACE programs

134 Sponsoring Organizations

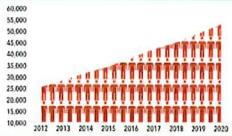
272 PACE Centers

as of August 2020

PACE ENROLLMENT ELIGIBILITY

- Age 55 and over
- Live in the community
- Certified to need nursing home care
- Able to live safely in the community with PACE support at time of enrollment

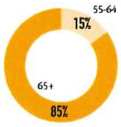
PACE ENROLLMENT: 53,000



PACE SERVES OUR SENIORS

95% Live in the community

77 Average age



69% WOMEN

MEN **31%**

NEED HELP WITH ACTIVITIES OF DAILY LIVING

1-2: 26% | 3-4: 24% | 5-6: 33%

Average number of ADLs with which participants need assistance

PACE IS AN INNOVATIVE MODEL OF CARE

Across ALL settings, PACE integrates and coordinates care for participants, including drugs, transportation and meals.

TOP 5 CHRONIC CONDITIONS OF PACE PARTICIPANTS

- Vascular Disease
- Major Depressive, Bipolar and Paranoid Disorders
- Diabetes with Chronic Complication
- Congestive Heart Failure
- Chronic Obstructive Pulmonary Disease

5.8 Chronic Conditions

46% Dementia

16 TRIPS PER MONTH PER PARTICIPANT

PACE SERVES 21,918 MEALS A DAY

PACE PARTICIPANTS

90% Are dually eligible for Medicaid and Medicare

9% Are Medicaid-only

1% Pay a premium (Medicare-only or other)

PACE ASSOCIATION

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All data from the National PACE Association March 2020

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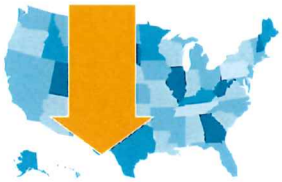
PACE VALUE

PACE Saves Taxpayer Dollars



States pay PACE programs

13% LESS

than the cost of other Medicaid services

- States pay PACE programs on average 13 percent less than the cost of caring for a comparable population through other Medicaid services, including nursing homes and home and community-based waiver programs.[1]
- In Medicare, payments to PACE organizations are equivalent to the predicted costs for a comparable population to receive services through the fee-for-service program.[2]

PACE Provides High-Quality Outcomes

LESS THAN 1 ER VISIT PER YEAR

- Reduced Hospital Admissions: A 24 percent lower hospitalization rate than dually-eligible beneficiaries who receive Medicaid nursing home services.[3]
- Decreased Rehospitalizations: 16 percent less than the national rehospitalization rate of 22.9 percent for dually-eligible beneficiaries age 65 and over.[4]
- Reduced ER Visits: Less than one emergency room visit per member per year.[5][6]

ONLY 5%

of nursing home-eligible PACE participants currently reside in a nursing home[7]

- Fewer Nursing Home Admissions: Despite being at nursing home level of care, PACE participants have a low risk of being admitted to a nursing home.[8]
- PACE participants receive better preventive care, specifically with respect to hearing and vision screenings, flu shots and pneumococcal vaccines.[9]

PACE HOSPITAL READMISSION RATE

19.1%

30-Day All-Cause Hospital Readmission Rates: Comparable rate for 35 age 65 dual-eligible enrollees is 22.2% and Medicare fee-for-service beneficiaries is 21.6%.

PACE Provides a High Quality of Life

NAM National Academy of Medicine

- The Institute of Medicine report titled "Retooling for an Aging America" recognizes PACE as a model of care with the capacity to bring geriatric expertise and care coordination to the needs of older adults.[10]
- PACE was found to reduce family caregiver burden and provide support to improve family caregiving.[11]
- There is high caregiver satisfaction. More than 96 percent of family members are satisfied with the support they receive through PACE, and 97.5 percent of family caregivers would recommend PACE to someone in a similar situation. While nearly half of family members reported a high caregiver burden at the time their loved one enrolled in PACE, more than 58 percent experienced less burden after enrollment.[12]

97.5%

of family caregivers would recommend PACE

to someone in a similar situation

- PACE enrollees are less likely to suffer depression. A study showed that 27 percent of new PACE enrollees scored as depressed on an assessment administered before enrollment. Nine months later, 80 percent of those individuals no longer scored as depressed.[13]
- Participants rated their satisfaction with PACE as 4.1 out of 5.[14] The disenrollment rate is almost 5 percent less than Medicare Advantage plans.[15][16]

[1] NPA Analysis of PACE Upper Payment Limits and Capitation Rates, March 2012

[2] Mathematica Policy Research. (2014). The Effect of PACE on Costs, Nursing Home Admissions and Mortality: 2006-2011. Evaluation prepared for US Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, Office of Disability, Aging and Long-Term Care Policy

[3] Segelman, M., Szydlowski, J., Kinosian, B., et al. (2014). Hospitalizations in the Program of All-Inclusive Care for the Elderly. *Journal of the American Geriatrics Society*, 62: 320-24

[4] Division of Health Care Finance and Policy, Executive Office of Elder Affairs. (2005). PACE Evaluation Summary. Accessed online on May 25, 2011

[5] Kane, R.L., Homyak, P., Bershadsky, B., et al. (2006). Variations on a theme called PACE. *Journal of Gerontology Series A*, 61 (7): 689-93.

[6] Friedman, S., Steinwachs, D., Rathouz, P., et al. (2006). Characteristics predicting nursing home admission in the Program of All-Inclusive Care for Elderly People. *Gerontologist* (2006). 45 (2): 157-66.

[7] Leavitt, M. (2009). Interim report to Congress. The quality and cost of the Program of All-Inclusive Care for the Elderly. Mathematica Policy Research, evaluation prepared for the Secretary of the U.S. Department of Health and Human Services for submission to Congress.

[8] Institute of Medicine. (2008). *Retooling for an Aging America: Building the Health Care Workforce*.

[9] National PACE Association. (2014). PACE Reduces Burden of Family Caregivers. Aug. 30

[10] Veazie, S.M., Crist, S.M., Sutelffe, S., Austin, S. (2015). Changes in Mood in New Enrollees at a Program of All-Inclusive Care for the Elderly. *The Consultant Pharmacist*, 30 (6): 463-71

[11] PACE Facts and Trends. (2016).

[12] Temkin-Greener, H., Bajorska, A., Mukamel, D.B. (2006). Disenrollment from an acute/long-term managed care program (PACE). *Medical Care*, 44 (1): 31-38.

[13] Government Accountability Office. Medicare Advantage: CMS should use data on disenrollment and beneficiary health status to strengthen oversight.

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