MIDLAND CARE

To: Bethell Joint Committee on HCBS and KanCare Oversight

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

Date: November 3, 2022

RE: PACE Program Overview and Recommendations

Thank you for giving the opportunity for Ascension Living HOPE, Bluestem PACE and Midland Care Connection to share an overview of the Program of All-Inclusive Care for the Elderly (PACE) with the committee. Midland Care Connection 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 older adults at home and independent. Midland Care Connection provides care and services to 1,900 people across 22 counties in Northeast Kansas. The services we provide include PACE, hospice, home health, meals on wheels, palliative care, adult day 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. Delivering all needed medical and supportive services, a PACE program is able to provide the entire continuum of care and services to older adults 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 is one that is growing in popularity due to the outcomes it achieves. From an enrollment perspective, Midland Care PACE has increased by 47% since the beginning of the COVID-19 pandemic in March 2020. Interest in the program from state and federal policy makers has accelerated during the pandemic due to the desire to explore and develop a more robust set of services to keep older adults at home that are at risk for premature nursing home placement.

From a public policy perspective, there has been much progress made in the last several years to reduce barriers and increase access to the PACE program in Kansas. A few of the improvements are as follows:

- The cap on enrollment was eliminated when Medicaid Managed Care (KanCare) was implemented.
- The regulatory process was streamlined by eliminating the requirement for an adult day care survey or inspection.
- Capitation rates are now rebased at least every three years through rate setting guidance from CMS.
- The protected income level was increased by the Kansas Legislature to 300% of SSI effective July 1, 2021.
- PACE Medicaid expenditures were reinserted into the consensus caseload process this year which creates greater certainty as PACE enrollment continues to grow.
- CMS now allows for community physicians to be contracted providers should the PACE program seek this waiver.
- Access was increased a few years ago from just Wichita and Topeka to several new counties and zip codes.

Midland Care PACE received approval earlier this year from KDADS to expand into Johnson, Miami and Franklin Counites and the expansion application was approved by CMS on October 24. We are in the process of fundraising and raising the capital needed to start a new PACE Center and are looking forward to serving this new market in the future.

There also has been advocacy at the federal level to make PACE more accessible in rural areas. The National Advisory Committee on Rural Health and Human Services (NACRHHS) is an independent advisory group that advises the Secretary of Health and Human Services on health care challenges in rural America. There are 21 members of the Committee including two from Kansas, KHI President/CEO Kari Bruffett and former Kansas Governor Jeff Colyer, MD (serves as the Committee Chair). The Committee typically studies two rural health care issues each year and develops recommendations to HHS on those issues. The Committee made increasing rural access to PACE as one of their issues to study in 2022. They subsequently visited Kansas in mid-September and toured multiple PACE Centers and heard from numerous state and federal policy leaders as well as from PACE advocates and providers. We are hopeful the visit to Kansas from the National Committee will lead to a rural PACE pilot program that we are able to participate in. The last page of this testimony outlines the recommendations that PACE providers made to the National Committee.

Our primary ask of the 2023 Kansas Legislature will be related to PACE Medicaid rates. 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 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. In 2015 CMS issued Medicaid 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.

Kansas PACE Medicaid rates were most recently rebased for FY 2020 and FY 2023. Despite having the rates rebased this July 1 for FY 2023, we again request consideration of rebasing for FY 2024. The primary reason is the rebasing that occurred for FY 2023 had a unique COVID-19 factor that affected the rates. PACE Medicaid rates are set at a 10% discount from KanCare rates for comparable populations. The comparable population in Kansas are the rates the KanCare MCOs are paid for nursing facility and

HCBS FE members.10000 When the more expensive nursing facilities Medicaid average caseload declines from 10,500 in FY 2020 to a low of 8,740 in the third quarter of FY 2022, this significantly reduces the blended nursing facility and HCBS rate paid to the KanCare MCOs. It also significantly affects the PACE Medicaid rate paid at a 10% discount to KanCare.

As nursing facilities Medicaid caseloads have now stabilized, the uniqueness of the FY 2023 PACE Medicaid rebasing should be isolated to this one year. It is important PACE Medicaid rates are updated so we can remain sustainable and continue to save the State of Kansas at least 10% in Medicaid funds for each client served.

Rural PACE NCHHS

Recommendations to Improve PACE Access and Affordability

Summary of Rural PACE Recommendations

Sept. 8, 2022

1. **Pilot Changes to PACE Model of Care Seeking to Better Meet the Needs of Older Adults in Rural Communities**

   a. Attract More Medicare-Only Beneficiaries to PACE by Increasing Affordability

      i. Implement health status-adjusted premiums (42CFR460.186)

      ii. Implement Part D choice (42USC1395w-131(f))

   b. Increase Use of Contracted Community Partners to Enhance Accessibility

      i. Waive requirement for 24/7 access to a PACE center (42CFR460.98(b)(2), HHS-0938-2016-F-1724)

      ii. Waive network adequacy requirements (42CFR460.98(b)(2), HHS-0938-2016-F-1724)

      iii. Eliminate the conditions of participation for Critical Access Hospitals, which limit their ability to contract with PACE organizations to provide services or be alternative care sites (42CFR413.70(a), 42CFR413.70(b), 42CFR413.114(a), 42CFR424.15)

      iv. Abolish the hardship or extraordinary circumstance requirement for participant use of an alternative care setting (42CFR460.98(d))

      v. Eliminate the assignment of an interdisciplinary team to a PACE center (42CFR460.102)

      vi. Allow PACE participants to be assigned to an interdisciplinary team instead of a PACE center (42CFR460.102)

2. **Make Permanent All Telehealth Flexibilities Currently Granted Through the Public Health Emergency** ***(42CFR460.104)***

3. **Reduce Regulatory Barriers**

   a. Allow mid-month enrollment (42CFR460.158)

   b. Replace the application requirement for a currently operating PACE organization to add a new PACE center in its existing service area with a notification requirement (42CFR460.12)

   c. Remove the quarterly restriction for submission of new PACE organization applications (https://www.cms.gov/files/document/2022-pace-application-quarterly-and-waiver-request-submission-dates.pdf)

   d. Remove the quarterly restriction for applications for service area expansions (https://www.cms.gov/files/document/2022-pace-application-quarterly-and-waiver-request-submission-dates.pdf)

   e. Allow PACE organizations to have multiple applications for service area expansions and/or new center applications under CMS review simultaneously (https://www.cms.gov/files/document/2022-pace-application-quarterly-and-waiver-request-submission-dates.pdf)