

ASSEMBLY THIRD READING

AB 540 (Petrie-Norris)

As Amended April 27, 2021

Majority vote

SUMMARY

This bill imposes requirements related to informational materials and referral and enrollment processes for the Program of All-Inclusive Care for the Elderly (PACE) program, a comprehensive Medicare and Medi-Cal program for frail seniors who qualify for a nursing home level of care.

Major Provisions

- 1) Modifies how the PACE is presented as an enrollment option, requiring PACE to be presented in enrollment materials as an option, where it is available, and requiring informational materials that help potential beneficiaries understand PACE as an option.
- 2) Requires the Department of Health Care Services (DHCS) to arrange for automated identification of a beneficiary's potential eligibility and proactive outreach to determine interest and refer for an assessment for PACE, if appropriate.
- 3) Requires a Medi-Cal beneficiary who is enrolled in a PACE organization be exempt from mandatory or passive enrollment in a Medi-Cal managed care plan, and creates a process whereby a potential beneficiary may be assessed for PACE prior to enrollment in a managed care plan.

COMMENTS

PACE is a capitated benefit provided primarily to certain Medi-Cal and Medicare beneficiaries that offers a comprehensive service delivery system that integrates Medicare and Medicaid financing. The program was modeled after the acute and long-term care services of On Lok Senior Health Services in San Francisco. To be eligible for PACE, a person must be 55 years or older, reside in a PACE service area, be determined eligible at the nursing home level of care by DHCS, and be able to live safely in their home or community at the time of enrollment.

Enrollment in PACE is voluntary. An interdisciplinary team, consisting of professional and paraprofessional staff, assesses participants' needs, develops care plans, and delivers all services (including acute care services and when necessary, nursing facility services). 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. PACE plans assume full financial risk for participants' care without limits on amount, duration, or scope of services. The DHCS has 19 contracts with PACE organizations for risk-based capitated lifetime care for the frail elderly. The PACE rates are developed using actuarial principles, including actual experience of the PACE population.

In January of this year, the Governor released his Master Plan for Aging (MPA). One of the five bold goals of the MPA includes "Health Reimagined" and weaves innovation and partnerships with health care and community-based solutions throughout. In Strategy A: "Bridging Health Care to Home" Initiatives 33-43 are focused on bridging health, health care and programs like PACE; however, it could be argued that the PACE model can be linked throughout the MPA in all of the goals.

According to the Author

According to the author, PACE allows older adults to remain in their home and near their loved ones, while still guaranteeing their well-being and safety as they age. This bill will help more seniors remain in their homes and communities by improving beneficiary awareness of and access to PACE.

Arguments in Support

This bill is sponsored by CalPACE to help more seniors remain in their homes and communities by improving beneficiary awareness of and access to PACE. CalPACE states that, even though PACE is a model of care for seniors, many benefactors are unaware of PACE. Many seniors with higher needs could benefit from direct state engagement and referrals for PACE services.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee,

- 1) Administrative staff costs to DHCS in the low hundreds of thousands of dollars annually to review and track beneficiary data, conduct outreach and ensure coordination to determine potential eligibility for PACE (General Fund and federal funds). A portion of the work of identifying potentially eligible beneficiaries could likely be automated if it is cost-effective to do so.
- 2) The overall effect on enrollment and reimbursement is unknown. Total spending on PACE organization services is \$803.3 million total funds in 2020-21 (\$401.6 million General Fund and \$401.6 million federal), increasing to \$948.4 million total funds (\$474.2 million General Fund and \$474.2 million federal) in 2020-21 as a result of greater enrollment and higher rates. Per-member per-month costs for PACE services are high—around \$6,000—as the program is limited to individuals who qualify for a skilled nursing facility level of care.

To the extent this bill encourages greater enrollment in PACE organizations without corresponding decreases in skilled nursing facility placements, it could significantly increase cost pressure for PACE organization services in Medi-Cal.

VOTES

ASM AGING AND LONG-TERM CARE: 7-0-0

YES: Nazarian, Voepel, Boerner Horvath, Calderon, Lackey, Reyes, Blanca Rubio

ASM HEALTH: 15-0-0

YES: Wood, Mayes, Aguiar-Curry, Bigelow, Bonta, Burke, Carrillo, Flora, Maienschein, McCarty, Nazarian, Luz Rivas, Rodriguez, Santiago, Waldron

ASM APPROPRIATIONS: 16-0-0

YES: Lorena Gonzalez, Bigelow, Calderon, Carrillo, Chau, Megan Dahle, Davies, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, Holden, Luz Rivas

UPDATED

VERSION: April 27, 2021

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