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Joint Informational Hearing of Senate and Assembly Health Committees

**The 2010 Medi-Cal Waiver and the Future of Seniors
& People with Disabilities in the Medi-Cal Program**

December 7, 2011

Chairs and Members of the Senate and Assembly Health Committees:

Thank you for the opportunity to testify before you today, as you consider the department's implementation of the dual eligible pilot programs.

As existing providers of managed and integrated care for this population, we support the goals of the dual eligible pilots. Based on our extensive expertise and experience with serving frail elderly Medi-Cal and Medicare beneficiaries, we believe we have much to offer that can help the state achieve the dual goals of the pilots of improving the care and reducing the costs of serving this population.

CalPACE represents the five operational PACE programs in California as well as two PACE programs that are expected to become operational in 2012, operated by Los Angeles Jewish Home and CalOptima. Eight additional organizations have filed letters of intent or applications to become PACE programs. In addition, several existing PACE programs have filed applications to open new PACE centers, indicating that PACE is a successful model of care for persons who meet PACE eligibility requirements.

PACE Programs:

- Are managed care programs that provide integrated care, including all medical and long-term care services and supports, to persons who over age 55 who are eligible for nursing home placement, most of whom are dual eligibles.

- Provide all Medicare and Medi-Cal covered benefits including, but not limited to, primary and specialty medical care, adult day care, in-home services, prescription drugs, lab and diagnostic services, physical and occupational therapies, meals, transportation, mental health and behavioral health services, and, when necessary, hospital and nursing home care.
- Are at risk for, and pay for any and all health care services needed by enrollees, including extended nursing home stays, under capitated payments that do not change despite the level of care needed by the enrollee.
- As part of their focus on prevention and keeping people out of nursing homes and hospitals, also provide many supportive services that are not covered benefits under the Medicare and Medicaid programs in order to help enrollees remain safely in their homes, such as home improvements, cleaning, pest extermination, air conditioners, functioning refrigerators, grab rails and ramps.
- Collectively, have over 80 years of experience in delivering fully integrated care to frail older adults, all of whom are eligible for placement in a nursing facility from the moment they are admitted to PACE programs.
- PACE participants generally stay with their PACE organizations for the last three to four years of their lives. They receive increasingly complex and intensive services and care coordination in their later years of enrollment, all of which PACE organizations remain at full risk for under capitated payment arrangements.

PACE Serves the Frailest Beneficiaries

- Not all dual eligibles are the same. According to data compiled by DHCS, over half have four or fewer chronic conditions, while roughly 30 percent of dual eligibles have 10 or more chronic conditions.
- Beneficiaries served by PACE programs have the highest levels of impairment. The average California PACE participant is 79 years old, has fourteen medical conditions and is impaired in at least three activities of daily living (bathing, walking, toileting, feeding and transferring).
- Two out of three PACE participants have a diagnosis related to some form of cognitive impairment, primarily dementia.
- While disease management, general care coordination, and use of loosely affiliated networks of health care and long-term care service providers may provide a workable model of integrated care for less impaired dual eligibles, in our experience, it will not be successful for those with the highest levels of impairment.

PACE is a Proven Model of Care

- Numerous studies show PACE enrollment is associated with greater use of adult day health care services, lower nurse home visits, fewer hospitalizations, fewer nursing home admissions, a higher probability of receiving ambulatory care, greater survival, an increased number of days in the community, better health, better quality of life, greater satisfaction with overall care arrangements, and better functional status.
- PACE programs have been able to reduce the hospital days per thousand to the level of the general Medicare population and reduce short-term hospital utilization, although all PACE members have much more serious health problems than the older population at large and are eligible for a nursing home level of care.
- Despite the fact that all PACE enrollees are eligible for nursing home placement at the time they enroll in PACE, only 10 – 15 percent of PACE enrollees permanently reside in nursing homes at any given time.

Unique Features of PACE Model

- Use of a comprehensive interdisciplinary team (IDT), which assesses each enrollee's needs when they are enrolled and whenever their care needs change.
- Use of personalized care plans.
- Use of active care coordination and management, and oversight of the care provided, through close interaction between all providers who have contact with enrollees.

For the dual pilots to succeed, PACE needs to operate side-by-side with managed care plans

- Most managed care plans don't have the experience or expertise to manage the care needs of very frail older beneficiaries; many tell us they would prefer to have them go into PACE.
- Based on our experience with the managed care transition for seniors and persons with disabilities, unless duals who may benefit from PACE are identified and given an option to enroll directly in PACE, many will default into managed care plans and will end up in nursing homes or opting back into fee-for-service Medi-Cal before PACE programs have a chance to work with them to keep them in the community.
- To ensure the frailest enrollees have access to PACE, CalPACE recommends that PACE programs be able to operate side-by-side with plans participating in the pilots. Specific elements of this approach include:

--Screening dual eligibles as part of the enrollment process for their eligibility for PACE and providing those who appear to be eligible an option to enroll in PACE at the point of initial enrollment;

--Ensuring that PACE is presented as an enrollment option in all enrollment materials and enrollment assistance programs; and

--Requiring managed care plans to assess and identify dual eligibles who are enrolled in their plans who may be eligible for PACE and providing them an opportunity to enroll in PACE.

- We believe these measures are consistent with the intent of SB 208 (Steinberg) which states that persons meeting the requirements for PACE may select a PACE plan if one is available in their county.
- These measures were not included in the transition to mandatory managed care for seniors and persons and disabilities under the state's Section 1115 waiver. As a result, many have had to disenroll from the plans they were enrolled in or have spent 60 days in nursing homes and then gone back to fee-for-service Medi-Cal. At that point, many can no longer be cared for in the community, even by PACE programs.

Closing

- PACE is an existing and highly effective managed care program that serves the frailest of the dual eligible population.
- In order to achieve the state's goals of improving outcomes for dual eligibles and reducing costs, dual eligibles need to be able to direct enroll in PACE programs, both at the point they are making enrollment choices, and after they have enrolled in a plan, as their needs change.
- Thank you for the opportunity to testify before your committees today.