

Federal Special Revenue Fund (Fund 3C40 – PASSPORT)			
Revenues	- 0 -	- 0 -	Potential loss in federal reimbursement for PASSPORT participants who choose to enroll into PACE
Expenditures	- 0 -	- 0 -	Potential decrease in expenditures for PASSPORT participants who choose to enroll into PACE

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- **Administrative costs – Ohio Department of Aging/Ohio Department of Job and Family Services.** The Ohio Department of Aging (ODA) and the Ohio Department of Job and Family Services (ODJFS) would likely realize a minimal increase in oversight costs during the process of establishing new PACE sites and in subsequent years for the oversight required for the additional sites.
- **Service costs – Ohio Department of Aging/Ohio Department of Job and Family Services.** In order to provide additional PACE services at additional sites, the state would experience an increase in expenditures. The bill specifies that providing PACE services at additional sites would be subject to available funds and federal approval from the United States Secretary of Health and Human Services. State PACE expenditures are paid by the Department of Aging from GRF appropriation item 490421, PACE. Federal Medicaid reimbursement is deposited in Fund 3C40 and appropriated in appropriation item 490621, PACE – Federal.

Expenditures will also be dependent upon what long-term care programs, if any, the participants are coming from to enroll into PACE. ODA has stated that over 90% of PACE participants come from the community and are not enrolled in other long-term care programs. The rest of the participants come from PASSPORT and nursing home referrals. If the majority of PACE participants come from the community, the state will incur additional new costs. For those participants that come from the PASSPORT Program, net costs will increase for the state by \$1,985 per member per month (PACE costs of \$2,926 – PASSPORT costs of \$941). PASSPORT Medicaid costs are paid from GRF appropriation item 490403, PASSPORT and federal and other state funds. For those participants that come from the nursing facilities or would have eventually entered a nursing facility, net costs for the state will decrease by \$810 per member per month (nursing facilities costs of \$3,736 – PACE costs of \$2,926). These per member per month costs exclude administration and Medicaid card services. Both state and federal Medicaid nursing home costs are paid from GRF appropriation item 600525, Health Care/Medicaid, in the Department of Job and Family Services' budget. Federal Medicaid reimbursement for nursing home services is deposited into the GRF.

Local Fiscal Highlights

- County departments of job and family services determine eligibility for PACE members. Thus, these entities could incur minimal increased costs as a result of the bill. However, these entities are reimbursed by ODJFS for administrative expenses related to their duties in determining Medicaid eligibility. The federal government reimburses the state for a portion of these expenses.

Detailed Fiscal Analysis

Current law does not specify the areas of the state to be covered by the Program of All-inclusive Care for the Elderly (PACE). The bill would require that PACE be available to eligible residents of Cuyahoga and Hamilton counties and eligible residents of the parts of Butler, Clermont, and Warren counties, in which it is available on the bill's effective date. Additionally, subject to the availability of funds and approval of the United States Secretary of Health and Human Services, the Department of Aging (ODA) is to make PACE available to eligible residents of Franklin County and eligible residents of a rural county selected by ODA. ODA may make PACE available to other counties or parts of counties selected. The bill specifies that in making the PACE program available to eligible residents of a county or part of a county in which it is not available on the bill's effective date, ODA may not: (1) decrease the number of eligible residents of Cuyahoga and Hamilton counties and parts of Butler, Clermont, and Warren counties, who may participate in the PACE program below the number of eligible residents who may participate in the program on the effective date of the bill, and (2) until six months after the effective date of the bill, make PACE available to eligible residents of a county or part of a county in which the program is not available if there are any people on a waiting list for the component in Cuyahoga or Hamilton County or the parts of Butler, Clermont, or Warren County in which the program is available on the bill's effective date.

Background information

"PACE is a managed care program that provides participants with all of their needed health care, medical care, and ancillary services in acute, subacute, institutional, and community settings."¹ Currently, there are two PACE sites. TriHealth Senior Link is in Cincinnati and serves populations in Hamilton County, as well as certain zip codes in Warren, Butler, and Clermont counties. Concordia Care is in Cleveland Heights and serves all of Cuyahoga County. At the beginning of November, 2008, TriHealth had 462 participants. There were also 38 applicants on waiting lists. Concordia Care had 260 participants and a waiting list of 42 applicants.

A team of professionals work with participants and family members to assess participants' needs, as well as to develop a care plan and to deliver services, which includes acute care services and nursing facility services if necessary. PACE includes services such as: primary and specialty physician services, nursing care services, medical specialties services, nutritional counseling, medications, respite care, and hospital and nursing home care when necessary. The services include all Medicare and Medicaid covered services and other services that the team considers necessary. The PACE sites assume full financial risk for the care of the participants. As a result, there is an incentive that a broad range of preventive and community-based services be provided that are alternatives to more costly care.

¹ <http://aging.ohio.gov/families/pace.html>.

PACE participants must be: (1) 55 years of age or older, (2) meet financial eligibility criteria, and (3) live in an area served by a PACE site. Additionally, participants must qualify for a nursing home level of care, be willing to receive all care from PACE providers, and be able to remain safely in a community setting. If a participant is seeking Medicaid coverage, he or she must qualify for Medicaid.

Fiscal effects

Administration and oversight

The Department of Aging (ODA) would need federal approval to add new PACE sites. The approval of additional sites would require a completed PACE application, ODA on-site readiness reviews, as well as the securing of private and public funding to support the program. In addition, the process of establishing additional sites would require approval by ODA, the state Medicaid Agency (Ohio Department of Job and Family Services – ODJFS), and CMS. ODA has stated that the process of getting additional sites up and running can take anywhere from 18 months to several years. This timeframe is dependent upon how long it takes for the PACE site to become operational. ODA and ODJFS would likely realize a minimal increase in oversight costs during this process and in subsequent years for the oversight required for the additional sites.

County departments of job and family services determine eligibility for PACE members. Thus, these entities could incur minimal increased costs as a result of the bill. However, these entities are reimbursed by ODJFS for administrative expenses related to their duties in determining Medicaid eligibility. The federal government reimburses the state for a portion of these expenses.

PACE services

PACE sites are already established in Cuyahoga and Hamilton counties. These sites also serve eligible residents of parts of Butler, Clermont, and Warren counties. If funding were provided for additional sites and slots in the program and the additional sites were approved by the United States Secretary of Health and Human Services, sites could be established in Franklin County and a rural county of ODA's choosing. If this occurs, the PACE program will experience an increase in expenditures. This increase will be dependent upon the number of additional slots budgeted for and the number of eligible individuals that apply for the program. There is no budget currently allotted for the PACE program in Franklin County and the rural county of ODA's choosing. ODA has no estimates at this time regarding the number of potential eligible applicants in Franklin County or any other county.

Expenditures will also be dependent upon what long-term care programs, if any, the participants are coming from to enroll into PACE. ODA has stated that over 90% of PACE participants come from the community and are not enrolled in other long-term care programs. The rest of the participants come from PASSPORT and nursing home referrals. According to ODA, the per member per month (PMPM) costs are \$2,926 for the PACE program, \$941 for the PASSPORT program, and \$3,736 for nursing facilities. These PMPM costs exclude administration and Medicaid card services. If the majority of PACE participants come from the community, then this will represent new costs to the state. For those participants that come from the PASSPORT program, net costs will increase by \$1,985 per month per participant (PACE

PMPM costs of \$2,926 – PASSPORT PMPM costs of \$941). For those participants that come from the nursing facilities or would have eventually entered a nursing facility, net costs will decrease by \$810 per month per participant (nursing facilities PMPM costs of \$3,736 – PACE PMPM costs of \$2,926). The availability of the PACE program in additional areas could create a woodwork effect whereby patients who are eligible for nursing facility care but who would not enter a nursing facility, could choose to enroll into the PACE program.

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SB0272SP/rh