SB12-023

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number:	LLS 12-0533	**Date:**	February 1, 2012
Prime Sponsor(s):	Sen. Boyd	**Bill Status:**	Senate Health and Human Services
		Fiscal Analyst:	Kerry White (303-866-3469)

TITLE: CONCERNING THE PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY, AND, IN CONNECTION THEREWITH, ADDRESSING ENROLLMENT OF PERSONS WHO ARE ELIGIBLE FOR THE PACE PROGRAM, ADDRESSING HOW THE PACE PROGRAM WORKS WITH ACCOUNTABLE CARE COLLABORATIVE AND SIMILAR INTEGRATIVE INITIATIVES INVOLVING THE MEDICAID POPULATION IN COLORADO, AND REMOVING PACE PROVIDERS FROM LICENSING AS A HOME CARE AGENCY.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
Cash Funds		
Home Care Agency Cash Fund	($5,739)	($5,739)
State Expenditures	at least $2,077,600	at least $2,346,200
General Fund	1,038,800	1,173,100
Federal Funds	1,038,800	1,173,100
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill modifies outreach and enrollment policies for Programs of All-inclusive Care for the Elderly (PACE). Specifically, the bill:

- excludes PACE organizations from licensure as a home care agency;
- requires that eligible persons, including persons eligible for both Medicaid and Medicare, be informed of PACE program benefits prior to being enrolled in an accountable care, managed care, or similar organization;
- requires the Medical Services Board to promulgate rules that will enable persons already enrolled in accountable care, managed care, or similar organizations to withdraw and enroll in a PACE program within 30 days; and
- includes PACE organizations in the definition of publicly funded long-term care programs that single entry point agencies must serve.

Background

Most persons enroll in Medicaid through a county department social services (county). Once enrolled, most clients receive traditional Medicaid benefits. Depending on a client's identified needs, the county may or may not provide information to clients about other programs, including PACE. However, all clients must be assessed by a Single Entry Point (SEP) agency in order to be eligible for long-term care services, including PACE, Home- and Community-Based Services (HCBS) or nursing facility care.

PACE program. PACE provides comprehensive long-term services and supports as an alternative to nursing facility care. The program is available to persons age 55 or older who are enrolled in Medicare or Medicaid and deemed eligible for nursing facility care by a SEP. Clients must live within a PACE provider service area and be able, with supportive services, to live in the community safely. Services are typically offered in an adult health center and supplemented with in-home and referral services. Benefits include: primary and hospital care, prescription drugs, emergency services, physical therapy, home care, meals, dentistry, nutritional counseling, social services, and transportation, among others. Once enrolled, if a client requires it, the PACE program will also pay for nursing facility care. Funding for PACE is provided on a capitation basis rather than a fee-for-service basis. In FY 2010-11, the Department of Health Care Policy and Financing (DHCPF) expended $84.4 million for a caseload of approximately 1,846 clients.

HCBS waiver programs. Clients that are able to receive long-term care services outside of a nursing facility are typically enrolled in one of eight HCBS waiver programs by the SEP. Depending on the type and needs of the client, the mix of services available in HCBS may include: in-home support services, electronic medication monitoring, consumer directed attendant support services (CDASS), transportation services, and the medical services of the state's Medicaid plan, among others. The DHCPF expended $252.1 million for a caseload of 19,847 in FY 2010-11.

Accountable care collaborative (ACC). The ACC is a new program in the DHCPF that targets certain Medicaid clients who have high health needs or costs. Eligible clients are sent a passive enrollment letter, meaning that unless the client chooses to opt out, he or she will be enrolled in the ACC. The program does not target persons dually-eligible for Medicaid or Medicare or certain populations that expanded as a result of the hospital provider fee and the fiscal note assumes that no persons enrolled in the ACC are currently receiving long-term care services.

Under the program, clients receive the traditional Medicaid benefit package and choose a primary care medical provider. Clients are assigned to a Regional Care Collaborative Organization, which coordinates and monitors the delivery of services and provides incentives based on client health outcomes. When fully implemented in April 2012, the ACC will have an enrollment of up to 123,000 clients and is projected to reduce per client costs by approximately 7 percent. Because dual-eligibles are not targeted by the ACC program and there are already procedures to refer persons to a SEP for many long-term care services, the DHCPF estimates that about 3,000 persons are currently enrolled in the ACC who may be eligible for PACE.

State Revenue

Beginning in FY 2012-13, this will reduce state cash fund revenue credited to the Home Care Agency Cash Fund by $5,739 per year. By removing PACE providers from the definition of home care agency, these entities will no longer be subject to on-site inspections by the Colorado Department of Public Health and Environment. Currently, inspections occur once every three years.

State Expenditures

This bill will increase state expenditures shared between the General Fund and federal funds by at least $2.1 million in FY 2012-13 and $2.3 million in FY 2013-14. These costs are described in Table 1 and the discussion that follows.

Table 1. Expenditures Under SB12-023

Cost Components	FY 2012-13	FY 2013-14
ACC Mailing Costs	at least $360	at least $360
Decrease in HCBS costs	at least (2,592,150)	at least (2,736,774)
Increase in PACE costs	at least 4,669,390	at least 5,082,614
TOTAL	**at least $2,077,600**	**at least $2,346,200**
General Fund	**1,038,800**	**1,173,100**
Federal Funds	**1,038,800**	**1,173,100**

Assumptions. The fiscal note relies on the following assumptions:

- one-time costs will be incurred to inform clients currently enrolled in the ACC program of the PACE program (3,000 clients);
- clients who are identified as candidates for the ACC program will be sent PACE information with the passive enrollment letter on an ongoing basis; however, because the program is anticipated to reach capacity by April 2012, any annual turnover is expected to be minimal;
- because SEP agencies are already placing clients in programs based on each person's level of need and existing nursing facility clients generally do not transition to PACE, this analysis assumes that no clients will transition from a nursing facility to PACE or HCBS;
- ACC clients referred to a SEP will increase PACE enrollment by at least 5 percent;
- caseload growth in PACE is assumed to be an alternative to HCBS; and
- the DHCPF can promulgate any rules needed within existing appropriations.

ACC mailing costs. Beginning in FY 2012-13, mailing costs will increase by at least $360 per year in order to mail information about the PACE program to an estimated 3,000 ACC clients. It should be noted that these costs do not include any programming costs for the contractor to target mailings to clients specifically eligible for PACE, as this cost was not available as of this writing.

Decrease in HCBS costs. This analysis assumes that in FY 2012-13, a minimum of 110 clients will enroll in PACE instead of HCBS. The estimated per capita cost in FY 2012-13 is $23,565, which results in a reduction of at least $2.6 million. In FY 2013-14, a minimum of 118 clients will enroll in PACE instead of HCBS. The estimated per capita cost in FY 2013-14 is $23,193, reducing program expenditures by at least $2.7 million. While these savings are not shown past FY 2013-14, the fiscal note assumes similar savings will be achieved in the out years.

Increase in PACE costs. This analysis assumes that in FY 2012-13, a minimum of 110 clients will enroll in PACE instead of HCBS. The estimated per capita cost in FY 2012-13 is $42,449, which results in an increase of at least $4.7 million. In FY 2013-14, a minimum of 118 clients will enroll in PACE instead of HCBS. The estimated per capita cost in FY 2013-14 is $43,073, increasing program expenditures by at least $5.1 million. While these costs are not shown past FY 2013-14, the fiscal note assumes similar increases will occur in the out years.

Departmental Differences

The Department of Health Care Policy provided net costs of $4,185,427 in FY 2012-13 and $4,729,575 in FY 2013-14. These costs are shared equally between the General Fund and federal funds and assume that PACE caseload will increase by 10 percent versus the 5 percent shown in the fiscal note. The department also assumes that it would be required to send PACE program information to all clients enrolling in the ACC and all new Medicaid clients. The fiscal note uses a more conservative caseload estimate as there is no historical evidence to support the 10 percent figure. In addition, the fiscal note assumes that the contractors can make systems modifications to more appropriately target clients who may be eligible for PACE rather than sending this information to all new clients.

State Appropriations

For FY 2012-13, the Department of Health Care Policy and Financing requires an appropriation of $2,077,600, including $1,038,800 General Fund and $1,038,800 federal funds.

Departments Contacted

Health Care Policy and Financing
Public Health and Environment