



**Presentation to the  
House Appropriations Subcommittee on  
Article II:  
Program of All-Inclusive Care for the Elderly  
(PACE)**

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# PACE Program: Funding Overview

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- PACE rating methodology:
  - Biennial Rates
  - Fee-For-Service (FFS) Study
  - Upper Payment Limit (UPL)
    - Average historical FFS cost by risk group.
    - Includes Inpatient, Outpatient, Professional, Long-Term Care, Prescriptions, and Transportation Services.
  - Budget Adjustment
    - Maximum adjustment is 0.95.
    - May be adjusted further to keep cost within appropriation.

# **PACE Program: Savings Methodology**

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- There are three reimbursement rates calculated for each PACE contract:
  - one for clients eligible for Medicaid services,
  - one for clients eligible for both Medicare and Medicaid services, and
  - one for clients eligible for only Medicare services as Qualified Medicare Beneficiaries (QMBs).
- The payment rates for the three client categories for each PACE contract are determined by multiplying the upper payment limits calculated for each PACE contract by a factor no greater than 0.95.
  - The factor may be reduced further to establish a rate consistent with appropriated funds.
  - Federal Regulations require that the capitation amount be less than would otherwise have been paid in Fee-For-Service if the participants were not enrolled under the PACE program.

# PACE Rates by Site

	Reduction Factor		Reduction Factor			
		94.42%			88.54%	
	Fully-Funded	Reduced	Fully-Funded	Fully-Funded	Reduced	
PACE Rate	SFY10 - SFY11	SFY10 - SFY11	SFY12 - SFY13	SFY14 - SFY15	SFY14 - SFY15	Percent Change
El Paso County - Medicaid Only	\$4,174.45	\$3,941.51	\$4,226.18	\$4,882.69	\$4,323.23	2.30%
El Paso County - Medicare/Medicaid	\$3,129.67	\$2,955.03	\$2,865.27	\$3,222.82	\$2,853.55	-0.41%
Potter & Randall Counties - Medicaid Only	\$3,394.34	\$3,204.94	\$4,188.61	\$4,039.62	\$3,576.76	-14.61%
Potter & Randall Counties - Medicare/Medicaid	\$2,558.58	\$2,415.81	\$2,294.66	\$2,597.67	\$2,300.03	0.23%
Lubbock County - Medicaid Only	\$3,425.65	\$3,234.50	\$3,183.79	\$5,277.92	\$4,673.18	46.78%
Lubbock County - Medicare/Medicaid	\$2,309.13	\$2,180.28	\$2,298.93	\$2,699.16	\$2,389.89	3.96%
Statewide QMB Rate	\$127.92	\$120.78	\$136.84	\$54.44	\$48.20	

Texas Health and Human Services Commission  
Medicaid and CHIP Division - Rate Analysis

Program for All-inclusive Care for the Elderly (PACE): Upper Payment Limit Calculation  
El Paso County

	Nursing Facility (NF) Recipients Cost for SFY2011						Community Based Alternatives (CBA) Recipients Cost for SFY2011					
	Medicaid-only Members			Medicare/Medicaid Members			Medicaid-only Members			Medicare/Medicaid Members		
	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo	Member-months	Amount	Cost per M-mo
El Paso County												
Acute Care: Total	455	299,090	657.34	9,441	2,147,485	227.46	473	811,890	1,716.47	6,688	1,781,017	266.30
Inpatient	455	119,266	262.12	9,441	139,556	14.78	473	338,470	715.58	6,688	78,240	11.70
Other	455	47,148	103.62	9,441	738,082	78.18	473	192,578	407.14	6,688	1,237,336	185.01
Outpatient	455	37,683	82.82	9,441	655,154	69.39	473	111,964	236.71	6,688	537	0.08
Professional	455	94,993	208.78	9,441	614,694	65.11	473	168,877	357.03	6,688	464,903	69.51
Long-term Care: Total	455	1,674,775	3,680.82	9,441	30,783,941	3,260.67	473	1,024,484	2,165.93	6,688	14,097,186	2,107.83
CBA	455	0	-	9,441	157	0.02	473	980,113	2,072.12	6,688	13,672,934	2,044.40
Hospice	455	12,742	28.00	9,441	140,834	14.92	473	32,645	69.02	6,688	49,760	7.44
LTCSS	455	0	-	9,441	0	-	473	0	-	6,688	0	-
NF	455	1,661,929	3,652.59	9,441	30,630,069	3,244.37	473	0	-	6,688	3,286	0.49
Other-Total	455	104	0.23	9,441	12,881	1.36	473	11,726	24.79	6,688	371,206	55.50
PHC	455	104	0.23	9,441	12,461	1.32	473	0	-	6,688	1,251	0.19
DAHS	455	0	-	9,441	420	0.04	473	11,726	24.79	6,688	369,955	55.32
Prescriptions	455	241,901	531.65	9,441	88,230	9.35	473	328,196	693.86	6,688	53,293	7.97
Medical Transportation	455	0	-	9,441	56,058	5.94	473	19,310	40.83	6,688	185,509	27.74
Subtotal	455	2,215,766	4,869.82	9,441	33,075,714	3,503.41	473	2,183,880	4,617.08	6,688	16,117,005	2,409.84
Claims Processing			6.00			6.00			6.00			6.00
CBA Case Management Fee									66.53			66.53
Plus Adjustment for PHC			0.01			0.03			-			0.00
Plus Adjustment for DAHS			-			0.00			0.18			0.40
Plus Trending for CBA			-			0.00			43.72			43.13
Plus Trending for NF			543.72			482.96			-			0.07
Plus 9.417% Provider Reduction on Inpatient/Outpatient			(32.48)			(7.93)			(89.68)			(1.11)
Plus 5.417% Provider Reduction on Other			(5.61)			(4.23)			(22.05)			(10.02)
Plus 0.417% Provider Reduction on Professional			(0.87)			(0.27)			(1.49)			(0.29)
Total before inflation trending			5,380.58			3,979.97			4,620.29			2,514.56
Final Trended Rate			5,478.07			3,997.95			4,814.15			2,537.69
	Medicaid Only Members			Medicare/Medicaid Members								
UPL - Combined NF and CBA	\$	5,139.67		\$	3,392.44							
Payment Rate - 95 Percent of UPL	\$	4,882.69		\$	3,222.82							

# PACE and STAR+PLUS: Comparison

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- The cost differential between PACE and STAR+PLUS is hard to determine because of many key differences between the programs.
- Benefit Differences:
  - STAR+PLUS does not cover Co-insurance, Deductible and Wrap Services. PACE does cover these benefits.
  - PACE currently covers Nursing Facilities while STAR+PLUS does not.
    - Nursing Homes are anticipated to be rolled into STAR+PLUS March, 2015.
  - PACE covers Transportation while STAR+PLUS does not.
    - The Medical Transportation Program (MTP) is available as a transportation option.
- Member Differences:
  - PACE members must be 55 years of age or older.
  - STAR+PLUS has varying age requirements.
- Program Differences:
  - A STAR+PLUS plan is a licensed entity with State administrative filing requirements, and additional administrative requirements as required by HHSC. A PACE provider doesn't have many of the administrative requirements because they are not licensed by the State Insurance Department.
  - A STAR+PLUS plan is larger and has contracting leverage that a PACE site does not have due to being a provider with fewer members.

# **PACE and STAR+PLUS: Comparison**

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- As Fee-For-Service data goes away, comparisons between PACE and STAR+PLUS will become more important.
- In order to get a true cost comparison between PACE and STAR+PLUS, HHSC would need the PACE sites to provide:
  - Encounter Data,
  - Financial Reports, and
  - Supplemental Information and Updates.
- HHSC will continue to try to find appropriate comparison points.