

CMS State PACE Market Assessment Protocol

This protocol provides examples of the types of information that are gathered and reported for each market assessed as part of the CMS State PACE Market Assessment Contract with the National PACE Association. This protocol was developed at a meeting of NPA staff and PACE Technical Assistance Center staff held in Alexandria, Virginia January 22-23, 2004.

Overview of Project

Programs of All-inclusive Care for the Elderly (PACE) represent a unique program that is operationalized through a three-way agreement between the provider, the state and the Centers for Medicare and Medicaid Services. The CMS PACE Project contract allows CMS and NPA to work with eight interested states to assess the feasibility of PACE successfully operating in a specified market and identify potential PACE sponsors and partners. The project will also provide an opportunity to identify opportunities to expanding the capacity of states to administer new and existing PACE programs.

Overview of PACE

The PACE concept developed in the early 1970s as a way for San Francisco's Chinatown residents to provide care and services to their elders in a culturally appropriate way. Asian families preferred to have their elders live at home but were worried about their safety during the day. An area social worker proposed a British Day Hospital concept, transporting seniors to a community center during the day and returning them home at night. The center they opened in 1973 was called, "On Lok," which means "peaceful happy abode" in Cantonese.

Providing "one-stop" comprehensive health and social services for its clients, the On Lok program inspired a Medicare and Medicaid demonstration program called PACE in 1987. In 1997, the Balanced Budget Act authorized PACE as a permanent Medicare and Medicaid provider, opening the door to greater expansion of the model. As of 2003, all PACE demonstration programs completed the transition to permanent provider status.

To be eligible to enroll in PACE a person must be 55 years old or older; meet the State's nursing home eligibility requirements, live in a PACE service area, and be able to live independently in the community with the assistance of PACE services at the time of enrollment.

PACE is a fully capitated managed care program, and PACE providers have the flexibility to tailor care and services to meet the unique individual needs of each individual enrollee. Because PACE is financially at risk for all the care and services enrollees need, the clinical and financial incentives for providing high quality care and services are aligned. One result is that care is much more focused around prevention of health status decline so that people can continue to live as independently as possible. A key difference between PACE and other managed care models is that in PACE, the actual providers of care and services are the ones that make the decisions for each person utilizing an interdisciplinary team process. Care is managed for each person taking

into account the circumstances of their health, abilities to care for themselves, the complexity of family relationships and the goals and desires of the enrollee.

State Environment

Who might need to be involved? Health, licensing, Medicaid, budget, aging, insurance, housing, legislative staff, governor's office staff

LTC Goals How is PACE consistent or not consistent with the state's overall long term care goals.

Commitment What is the state's long term commitment to and vision for PACE expansion? Where does PACE fit into the State's LTC system?

Referral Network How will PACE fit into the state's method of making referrals to long term care services? Is case management a local responsibility? If it is local, will there be barriers or resistance to making referrals to PACE? Is there a waiting list?

Appropriate budget resources Does the state view money spent on PACE enrollees as a shift from another expenditure they would otherwise have to make or new money they have to find? Do different departments view this question differently? Does the State have resources they are ready to commit to funding new PACE services?

Budget cycles and timing Provide an overview of the process and timing of the State's budget process and how that process could affect initial PACE development efforts.

Provider trust/consumer protection In general, is there a history of cooperation or tension between the state and ltc providers? Lawsuits in the past? State support for innovative approaches?

Eligibility What state agency determines eligibility? Are they supportive? What are the state's requirements related to financial eligibility/clinical eligibility? Are one of these areas particularly stringent compared with other states? Will it be an easy fit (from the state's perspective) with other programs requiring eligibility determination? How long does eligibility determination usually take?

Eligibility Determination How is eligibility determined in the state? Provider? Physician (for clinical)? AAA? Other? Are there bottlenecks in the eligibility determination process? Is the criteria straight forward?

State Plan Amendment What is the process for amending the State Plan? Has a State Plan Amendment already been submitted? Does it require legislation?

Data What data runs will be needed from the state's MMIS system? What modifications will be needed to implement PACE? (Process enrollments/disenrollments, ensure PACE enrollees do not access fee-for-service benefits, enable capitation payments to PACE providers.)

PACE Development Funding Has the state identified ways to assist providers in funding PACE startup costs? Could economic development bonds be issued?

Grievance and Appeals Is there another program that has a similar grievance and appeals process? Is the state's grievance and appeals process consistent with federal requirements for PACE? Will this be a challenge for the state to implement?

State Budget What is the health of the state budget at this time? How global (versus a line item for each provider type) is the budget for long term care? Does PACE fit into an already existing category?

Provider Evaluation On what criteria will the state evaluate providers? Who will be responsible for reviewing and signing off on provider applications?

Licensure How will the state license and inspect PACE programs?

Market Analysis

The market analysis will be completed by a consultant from a PACE Technical Assistance Center (TAC), who is selected by the state. One important component of the market analysis is to describe the market demographically using census data. The 2000 census data is becoming increasingly available with new tools available over the Census Bureau web site including American Fact Finder and Landview, which can generate maps. The report will include an Excel spreadsheet attachment which will be used for calculating and reporting the summary demographic information for the market as well as maps of the market assessment area(s). TACs will specify the Medicaid income level used in their analysis, their data sources and related formulas.

Map of service area by zip code

Maps will shade zip codes by potential number of eligible enrollees using the estimated number of Civilian Noninstitutionalized Persons 65+ with an activity of daily living limitation and a Go-Outside-Home Disability. Maps will also include major streets and highways as well as geographic features that impede movement such as mountains, rivers, and rail road tracks. The map may also include the location of existing service deliver sites, if that information is available.

Summary of findings

When considering a market for PACE development, experience has shown that the size of the eligible population alone does not account for the size or rate of enrollment into the program. In the tables above, assumptions are made that help to estimate the size of the pool of people

eligible to enroll in PACE. While it is essential to understand estimates of the potential enrollee pool, it is also important to think of PACE enrollment as a stream. People tend to enroll in PACE in response to a change in their situation. Either an event happens that requires them to need more care or supportive services, or an existing source of care and services is no longer available. Because people tend to enroll in PACE to respond to a change in their situation, only a fraction of the population that could benefit is likely to enroll in PACE at any given time. The key to growing PACE enrollment is ensuring people have the opportunity to learn about PACE and enroll during that window of opportunity when they are seeking additional care and services.

As a result, both the prominence of the PACE sponsor in the public eye and the potential for referrals from community agencies and providers of health care and aging services providers are key to estimating potential market penetration. In addition, potential flexibility waiver needs may emerge at this stage and may be noted in the report, particularly if market penetration projections would be impacted by the flexibility request.

Additional Sources of market information

The report may include additional sources of information might be available that will help the state and potential providers understand the market. These include:

- State projections of population growth. (What projections does the state's eligibility agency use?)
- Local Healthcare Councils (Looks at healthcare service patterns in primary service area (PSA))
- State information on mentally retarded/developmentally disabled (MRDD) population 55-64 years old.
- Number of nursing home beds and the nursing home occupancy rate. How is the rate changing over time?
- Nursing home penetration rate by zip code.
- Presence or absence of Medicare Advantage Plans or Medicaid managed care plans.

Provider interest

A wide range of provider types will be invited to a state-wide meeting to identify interest in exploring PACE development. Provider types include hospitals, nursing homes, adult day services providers, home care agencies, assisted living facilities, and CCRCs. NPA staff will provide a brief overview of the providers identified in the community that were invited to participate in the state educational forums, which may include conference calls and/or PACE Summits. The report will describe the response rate to the invitation(s) and any additional information that is known of provider interest in PACE development.

Housing and PACE potential partnerships

NPA Housing Consultant, Larry McNickle, will provide a section that will cover an overview of PACE and housing arrangements and an overview of the local housing situation.

Bonds What is the State's experience issuing bonds for housing development? Are there limitations to using bonds to finance housing with services?

Funding What the sources of funding for existing affordable housing in the market?

Licensing What potential licensing exists? What are the trigger points for different licenses? Does the State support service-rich housing?

Potential solutions What problems do housing providers want to solve by partnering with PACE?

Compatibility What existing operations or unmet needs would a partnership with a PACE provider affect?

Risk What kind of risk are the housing investors/sponsors comfortable with taking?

Partnership What kind of partnerships are attractive? Co-location? Coordination?

Mapping HUD is able to map location of HUD-supported housing in a market.

State Readiness

NPA staff will provide an overview of the following:

State Staff Training Report on State staff participation in training opportunities provided by NPA under the CMS contract.

Decision Making What kind of state decision-makers participated in the process? Were there multiple agencies involved? Were there agencies or staff not in the process that needed to be?

Local Home Is PACE administration being coordinated by the appropriate agency? By the appropriate staff person(s)?

Administrative Fit Is PACE administration similar to administering similar programs in the department? Or is it learning to do something completely new?

Regulatory staff Does the state PACE administrative staff understand their roles? Is there adequate leadership from state staff? Are there key departments that need to develop in-house PACE champions?

Rate Setting Has the State identified a method for setting a PACE rate? Can the State offer a rate estimate for planning purposes?

Morale Do state staff seem to enjoy working on PACE, or is it a burden? Is it different by department?

Data Runs Can state staff get access to the Medicaid data they need?

Capacity Does the state have the human resources capacity to support the development and ongoing operation of PACE?

State Staff Resources

Has the state devoted sufficient resources to developing a State PACE administering capacity?

State Capacity

Provide the State a perspective on how well it has taken advantage of the opportunities presented it under the CMS contract to advance its capacity to support and administer a PACE program. The perspective should be presented with the goal of helping the state identify and overcome internal barriers to PACE administration in the future.

Next Steps

NPA staff, in collaboration with TAC advisor(s) will identify potential next steps and long-range goals for the state, which are based on the findings within the market assessment(s) once they are complete.

Executive Summary

While this section will be developed last, it will appear at the beginning of the report, briefly summarizing the findings within the entire report.