



**Written Testimony Submitted for
Joint Legislative Budget Hearing on Health
State Fiscal Year 25-26 Executive Budget Health and Medicaid
February 11, 2025**

Background

WelbeHealth is a Program of All-Inclusive Care for the Elderly (PACE) organization founded by mission-driven physicians to serve the most vulnerable seniors with compassionate and quality care. WelbeHealth exclusively operates PACE, serving over 4,400 participants through 11 centers across the State of California with additional centers under development in New York, New Jersey, Oregon, and other parts of California. WelbeHealth's goal and PACE's mission is to offer an alternative to nursing home care, allowing seniors to age in place in their homes and communities.

WelbeHealth has been working with New York State to develop a PACE program since 2018. Most recently, WelbeHealth received the necessary State approvals to establish a PACE program and has submitted an application to CMS to offer PACE in New York. The PACE program will serve residents of Brooklyn and surrounding areas, with the PACE Center to be located in Sunset Park (Brooklyn). It is anticipated that the PACE program will begin to offer services mid-summer 2025.

Comment on the FY 26 Executive Budget

WelbeHealth supports the following proposals included in the FY26 Executive Budget:

- 1. MCO Tax Revenue Expenditure Plan:** WelbeHealth supports the investment of MCO Tax revenue for targeted investments and the sustainability of the Medicaid program.
- 2. Advance Integrated Care for Better Health Outcomes:** WelbeHealth strongly supports the Governor's directive, as outlined in the 2025 State of the State, to increase the availability and adoption of fully integrated plans to serve as a single point of accountability for a member's care, allowing for more effective, person-centered care with better care coordination.

Request for the FY 26 Budget

WelbeHealth strongly encourages the Legislature to take a bold approach and include proposals designed to address significant unmet need for PACE in New York. Despite serving as the gold standard for fully integrated, long-term care, PACE remains severely underutilized in New York with only 9,800 seniors enrolled in PACE statewide – just 11% of an estimated 85,500 eligible seniors. In New York City alone, only 6,500 of the estimated 54,300 eligible seniors are enrolled.

Overcoming Regulatory Barriers to PACE in New York

Despite the clear and growing need for PACE expansion in New York, the State's regulatory structure continues to impose unnecessary barriers that delay implementation and limit access to this fully-integrated care model for frail seniors. WelbeHealth has been actively working with the State since 2018, investing significant resources into developing a culturally-tailored PACE to serve the Chinese-American community in Sunset Park, Brooklyn and surrounding areas. However, despite years of engagement, New York's regulatory environment remains unnecessarily complex and disjointed, delaying implementation and hindering responsible expansion of PACE services. Unlike other states that have streamlined PACE authorization under a single, cohesive process, New York's approach has been historically disjointed, requiring PACE organizations to obtain multiple, separate licenses under Article 44 (MLTC plan), Article 28 (clinic), and Article 36 (licensed home care agency) with little coordination between the three processes. It is critical to highlight that in addition to the lengthy, multi-division review at the state-level, PACE applicants are subject to an extensive and comprehensive review by CMS before operations can begin.

While the State has made progress towards recognizing PACE as a critical component of its long-term care system, the process for establishing and scaling new programs remains inefficient, slow and burdened by misaligned policies, preventing responsible, efficient, and sustainable paths to address unmet need.

Ensure the Legislative Intent of Article 29-EE is Fully Realized

We commend the Legislature for taking a significant step forward in 2023 with the passage of Article 29-EE, which aimed to streamline PACE licensure and approvals under a single regulatory structure, distinct from New York's MLTC program. However, implementation has been significantly delayed and challenging. Since the enactment of 29-EE, the application and licensure process remains unchanged. Applications submitted prior to its enactment continue to face duplicative licensure requirements and delays, and no new PACE organizations have been approved through this streamlined process, undermining the legislative intent.

Concurrently, thanks to the support of the Legislature, the State invested resources into developing a PACE Special Projects unit intended to streamline oversight and facilitate expansion and growth of the program. Unfortunately, this investment has yet to materialize in any meaningful way, leaving PACE applicants without a clear or timely path forward. As a result, PACE remains a severely underutilized model in New York, despite its clear success in delivering high-quality, cost-effective, and fully-integrated care to frail seniors.

Meanwhile, other states such as California have taken recent bold, proactive steps to actively invest in PACE regulatory infrastructure, recognizing the need for sustainable expansion. Their most recent budget proposal includes dedicated funding for 33 permanent positions to support oversight and enhance access to the program¹. In contrast, New York has yet to implement these legislative and budgetary commitments into meaningful action.

¹ https://bcp.dof.ca.gov/2526/FY2526_ORG4260_BCP8047.pdf

Addressing State Barriers to Responsible PACE Growth

CMS rules require that new PACE organizations complete a first trial audit period, typically spanning three years, before they can apply for a service area expansion. While this requirement exists to ensure program stability and quality safeguards for participants, it also creates unintended barriers for qualified and experienced PACE organizations focused on responsibly scaling to address unmet need.

To facilitate PACE expansion, qualified and experienced PACE operators should be permitted to establish and operate individually licensed PACE entities under a single parent organization. Under this structure, an experienced operator can begin the application process and secure necessary approvals while the previously licensed PACE is under the CMS trial audit period, allowing for expeditious expansion to address critical unmet need. This approach ensures efficient operational stability, streamlined oversight, and responsible growth that aligns with their aging and long-term care goals.

Despite CMS permitting this structured approach, New York has yet to align its policies. Instead, in addition to the existing disjointed, cumbersome, and lengthy process, New York imposes additional state-specific barriers that make it nearly impossible for experienced PACE organizations like WelbeHealth to leverage its years of successful experiences and expertise to create more PACE access efficiently, towards meeting the needs of frail New Yorkers.

If New York State is committed to its stated goals regarding long-term care and duals integration, it must reconsider this approach and adopt policy reforms that allow experienced PACE operators to plan and expand responsibly.

WelbeHealth's Commitment to the Future of PACE in New York

WelbeHealth stands ready to bring its expertise, resources, and commitment to furthering PACE in New York State. We have a proven track record of delivering comprehensive, whole-person care through PACE and are eager to continue working with the State to develop a more effective and sustainable path forward. By leveraging our experience and thought leadership, we can help guide regulatory framework that allows for responsible PACE expansion, ensuring more frail seniors have access to the care they need through this highly effective program.