TESTIMONY OF
THE COALITION OF NEW YORK STATE
MANAGED LONG TERM CARE AND PACE PLANS

ON THE GOVERNOR'S PROPOSED SFY 2015-2016 HEALTH AND MEDICAID BUDGET

SUBMITTED BY JAMES LYTLE

TO THE

JOINT LEGISLATIVE COMMITTEE ON

HEALTH AND MEDICAID

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Introduction

Members of the Joint Legislative Budget Committee: thank you very much for the opportunity to testify on behalf of the New York State Coalition of MLTC and PACE Plans. The Coalition was formed in 2006 to provide a single voice for not-for-profit, provider-sponsored MLTC and PACE plans. The Coalition now represents 23 plans that provide coverage for the overwhelming majority of the elderly and disabled individuals enrolled in MLTC, PACE, and now FIDA.

MLTC and PACE Background

Since 2004, the number of New Yorkers enrolled in Managed Long Term Care (MLTC) and the Program of All-Inclusive Care for the Elderly (PACE) has increased by twelve-fold, from approximately 10,000 to nearly 140,000. While the plans are justifiably proud of the growth of the program, they are even more gratified that the program continues to receive very high marks for quality—not only from the Department of Health but, more importantly, from the thousands of frail and elderly New Yorkers that they serve.

MLTC and PACE plans coordinate an array of medical and social services for elderly or disabled Medicaid beneficiaries who require more than a hundred and twenty days of community-based long term care services. These plans provide access to quality long term care at a fraction of the cost of institutional care, while also achieving extraordinarily high rates of patient and family satisfaction.

It should be noted that MLTC plans provide the full array of long term care services—from personal care to nursing home care—and while they are not responsible for physician, hospital or other services, which patients typically access through their Medicare coverage, the plans oversee and coordinate all aspects of their members' care through intensive care management, regardless of the payor. PACE enrollees, on the other hand, receive comprehensive health care services through their plan, including physician and hospital services.

For the most part, the plans in the Coalition have enjoyed a productive and positive partnership with the Department of Health and have sought to secure the Medicaid Redesign Team's vision of achieving higher quality and lower costs through a reliance on managed long term care. We are, generally, supportive of the Governor's budget request. Most of the concerns detailed below relate to issues outside of the budget itself and focus more on the implementation of the MRT objectives—including the timeliness and adequacy of the MLTC and PACE premiums, along with certain issues relating to the oversight and operation of MLTC and PACE plans.

Current Issues

While the rapid transition of over 100,000 elderly and disabled New Yorkers to mandatory enrollment in MLTC and PACE plans has proceeded very successfully, there have been some challenges along the way and there are some urgent issues that will need to be addressed to ensure that plans will continue to be able to provide high quality and coordinated care at a cost that ensures continued savings to the State of New York:

- ***Rate Timeliness and Adequacy***. The issuance of rates for MLTC and PACE plans has been consistently delayed, which has had a significant effect on the plans' ability to budget, manage their operations, and most importantly pay providers. The plans have still not received approval or payment on the rates for 2014, and the draft rates for the "mandatory population" the Department has shared are simply not adequate. By our estimates, these rates are nearly $200 PMPM below actual costs. This delay is, in part, due to the complex structure of the rates, which include adjustments for administrative loads, care management, high cost/high need pools, quality withholds, managed care savings assumptions, and a "blend" of the nursing home certifiable and non-NH certifiable populations. These adjustments have, in the aggregate, depressed the rates and created considerable confusion--which in turn has jeopardized the stability of the plans and, in some respects, their provider partners. Plans have also not budgeted for this decrease in rates, and are now expecting a considerable decrease in revenue for the current rate year. We have had many discussions with the Department regarding the lateness and inadequacy of the rates, but have been unable to reach a solution. While we appreciate the best efforts of a heavily-burdened Department staff, we would urge that every effort be made to make sure that premiums are established prospectively and are adequate. We would encourage the legislature to become more engaged in rate setting, and examine funding for managed care closely, particularly as the proportion of the Medicaid budget allocated to managed care continues to grow.

- ***Transportation carve-out.*** The budget also proposes to carve-out transportation expenses from the MLTC payment rate and rely on traditional Medicaid transportation services for individuals enrolled in the program. This proposed change would have profound implications on the program models used primarily by upstate MLTCs that have successfully linked enrollees with needed medical services and that provide a host of other informal supports to enrollees in more rural areas in New York. Accordingly, at a minimum, we would urge limiting any change in transportation services and funding to exempt upstate plans where these services can make such a significant difference in enhancing access to care, reducing institutional care and increasing patient satisfaction.

- ***Wage Parity and Related Mandates.*** Compounding issues relating to the adequacy of rates, the plans are also subject to DOH-issued mandates on rates of payments to contracting agencies. Even though the wage parity requirements apply to the employers of the aides—licensed home care services agencies or certified home health agencies—the State has placed the burden of funding this mandate on the plans, but has not provided adequate funding for the plans to meet that responsibility. The Coalition plans support fair wages for home care aides and recognize the obligation of plans to provide sufficient payments to contracted entities to meet their wage parity obligations, but the State also has an obligation to ensure that the premiums paid to plans are fully adequate to meet state mandates. New requirements for payment of "live-in" aides have further complicated the obligations of MLTC plans—particularly when the Department, without legal authority, sought to mandate new payment obligations in these cases retroactively, without any assurance that the increased payments would actually find their way into the hands of the aides. New federal requirements relating to overtime obligations have been rescinded by the courts—but confusion over the current status of these requirements has left plans, providers, and caregivers in the dark.

- ***Implementation of FIDA.*** The Coalition continues to work with the State on the implementation of the Fully Integrated Duals Advantage (FIDA) program for individuals with complex long-term care needs who are enrolled in both Medicare and Medicaid (dual eligibles). The Coalition plans are committed to the success of the program, but the rates proposed by the Department are causing alarm due to concerns with the underlying methodology developed by the Department and CMS. We are particularly concerned that there is not enough funding for the long term care services nor the robust care management and IDP requirements in FIDA. Additionally, CMS has refused to allocate an appropriate frailty adjustment for this population as they do in other Medicare Advantage products. We are working with the Department to ensure adequate rates are provided in the future, but are concerned that if inadequate rates continue, it will limit the success of the program. Plans are also still working with CMS to streamline the dual requirements of the Medicare and Medicaid programs, which have proved to be overlapping and duplicative. This undermines the goals of the FIDA program, which are to promote efficiencies by integrating the services and benefits of each program. We would ask the legislature to examine both of these issues closely, as the dual eligible population is among the most complex in the Medicaid program, which also makes them the most vulnerable.

- ***Implementation of DSRIP and Value-Based Payments.*** The Coalition plans recognize that they play an important role in the reform currently taking place in NYS's healthcare delivery system. The plans already engage in many of the functions the State envisions PPSs carrying out, such as providing care management, negotiating performance-based payments with providers, and facilitating data exchange, and will be essential partners for each successful PPS. Accordingly, the plans are examining ways to integrate their services with PPSs in order to provide more streamlined services and eliminate duplication while maintain high quality care. The plans are also looking forward to discussing value-based purchasing with the State and providers, and exploring how this new payment paradigm will work within the confines of long term care while also considering the simultaneous move toward value-based payments within the Medicare program. Plans want to ensure that the requirements of value-based payments can be reconciled with all of the wage-related obligations of the plans, which are touched on above, as well as the existing goals and structure of managed long term care.

Conclusion

MLTC and PACE plans have enhanced the quality and the coordination of care for New Yorkers who require long term care services, allowing people to remain in their homes by providing high quality and coordinated care increases their quality of life, while decreasing the state's costs. We welcome your interest in this important program and we appreciate the opportunity to present our testimony.

Any additional questions or comments can be directed to James Lytle at 518-431-6700 or at jlytle@manatt.com.

Appendix A

Coalition Plans	PACE/MAP/MLTC	Enrollment as of 1/1/15
ArchCare	PACE, MLTC	2,304
Catholic Health LIFE	PACE	184
CenterLight Healthcare	PACE, MLTC	10,750
Eddy Senior Care	PACE	158
Elant Choice	MLTC	798
ElderOne	PACE	655
Elderplan	MLTC, MAP	11,554
ElderServe	MLTC	10,434
Fidelis Care at Home	MLTC, MAP	9,907
GuildNet	MLTC, MAP	15,090
Hamaspik Choice	MLTC, MAP	666
Independence Care System	MLTC	5,349
MetroPlus	MLTC	815
Montefiore	MLTC	512
North Shore LIJ	MLTC	1,513
PACE CNY	PACE	476
Senior Health Partners	MLTC, MAP	17,592
Senior Network Health, LLC	MLTC	493
Total Aging in Place Program	MLTC	145
VillageCareMAX	MLTC	3,544
VNA Homecare Options	MLTC	560
VNS Choice	MLTC, MAP	16,941
Total Coalition Members	-	**110,440**
Total MLTC/PACE/MAP Members Statewide	-	**139,016**