



**TESTIMONY OF**  
**NEW YORK PACE ALLIANCE**

**ON THE GOVERNOR'S PROPOSED SFY 2023 HEALTH AND MEDICAID BUDGET**

**SUBMITTED FOR THE**  
**JOINT LEGISLATIVE BUDGET HEARING ON HEALTH**  
**SENATE FINANCE COMMITTEE CHAIR LIZ KRUEGER**  
**AND**  
**ASSEMBLY WAYS AND MEANS CHAIR HELENE E. WEINSTEIN PRESIDING**

**FEBRUARY 8, 2022**

The New York PACE Alliance (“PACE Alliance”), comprised of 9 PACE organizations operating across the State, which manage comprehensive medical and social services for more than 5,800 members age 55 and older who are eligible for nursing home admission, appreciates the opportunity to provide comments on the State Fiscal Year (SFY) 2023 Executive Budget Proposal. My name is Stephanie Button and I am the Executive Director of PACE CNY, a member of the PACE Alliance, which serves the residents of Onondaga County.

PACE (Program of All-inclusive Care for the Elderly) is a unique program that provides fully integrated, cost effective and high-quality care that effectively integrates a participant’s Medicare and Medicaid covered care and services, including all necessary physician, hospital, and pharmacy services. By meeting the needs of frail elderly New Yorkers where they live, PACE organizations are instrumental in helping its members stay healthy in their community, rather than having to be admitted to a nursing home.

## Background on PACE

PACE is a provider-sponsored model of care that incorporates an interdisciplinary approach to keeping individuals with long-term care needs safely in the community. The PACE program, which began in New York in 1984 as part of a National demonstration, was made permanent in 1997 by amendments to Titles VIII and IX of the Social Security Act and included in the State Medicaid Plan. Unlike any other program, PACE fully integrates, coordinates, and pays for all of an eligible individual’s Medicare and Medicaid covered services and directly provides healthcare and social support supports, both at a PACE Center and in the participant’s home. PACE is, in many respects, different from New York’s partially capitated managed long-term care (MLTC) plans that are authorized by the State’s 1115 Medicaid waiver and only provide certain Medicaid-covered long-term services and supports.

**PACE enables thousands of vulnerable New Yorkers to remain safely in their communities, significantly improving their quality of life, while also effectively controlling health care expenditures.** Numerous credible studies have found that PACE program participants nationwide have reduced hospitalizations, readmissions, and reliance on emergency medical services, an improved quality of life and high satisfaction with their care.<sup>1</sup> PACE organizations successfully keep people in the community as participants have a low risk of being admitted to a nursing home, with only 5% of current PACE participants residing in a nursing home. As required by Federal law, New York State pays PACE organizations less than the cost of caring for a comparable population through other Medicaid services, including nursing homes and managed long-term care programs.

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<sup>1</sup> For example, a 2021 report for the U.S. Department of Health and Human Services concluded: “The PACE program, known for its focus on HCBS provision and full integration of a range of medical services and LTSS, stands out from our analysis as a consistently “high performer.” We found that full-benefit dual eligible beneficiaries in PACE are significantly less likely to be hospitalized, to visit the ED, or be institutionalized, while their mortality risk is not significantly higher, compared to regular MA [Medicare Advantage] enrollees.” See *Comparing Outcomes for Dual Eligible Beneficiaries in Integrated Care: Final Report*, September 2021, available at <https://aspe.hhs.gov/sites/default/files/documents/9739cab65ad0221a66e45463d10d37/dual-eligible-beneficiaries-integrated-care.pdf>.

## PACE Establishment and Oversight

The PACE Alliance supports the Executive Budget proposal to establish separate licensure and oversight of PACE organizations. The proposal would streamline the application, approval and regulation of PACE, thereby greatly improving the opportunities to make PACE available to the vulnerable individuals who need assured access to quality health care and necessary long-term care services. This proposal is very similar to Senate bill 6664, which was introduced by Senator May and received Senate approval last year, and Assembly bill A7903 introduced by Assemblyman Gottfried. ***The PACE Alliance urges the Legislature to support this proposal.***

The Governor's proposed PACE establishment and oversight process would create uniformity in the regulation of PACE and more appropriately tailor state regulation to PACE's unique features, which would promote efficiency for PACE organizations and the State and better health outcomes for New Yorkers enrolled in PACE. This proposal represents a significant step forward in expanding access to high quality, community-based care for frail elderly New Yorkers who are at risk of nursing home admission.

Although the federally authorized PACE organizations predate the enactment of the NYS MLTC program, an unfortunate and unnecessary decision was made many years ago to consider PACE organizations as being the same as the partially capitated MLTC plans that were authorized by the State's 1115 Medicaid Managed Long Term Care waiver. As a result, PACE organizations in New York must obtain licenses as MLTC plans, as clinics, and as licensed home care agencies (under Articles 44, 28, and 36 of New York's Public Health Law, respectively). This has created an inefficient and administratively burdensome authorization process, with differing and duplicative approvals, standards, audits, and reporting requirements, among other inconsistencies – limiting the expansion of this much acclaimed program. As comprehensive and fully integrated care providers, planners and managers, operating under both State and Federal laws, PACE organizations are fundamentally different from managed care or FFS plans and other health care providers – their authorization requirements should reflect their unique role in the healthcare ecosystem.

The Governor's PACE establishment and oversight proposal seeks to streamline State approval and regulation of PACE organizations by developing a uniform authorization process, encompassing all program requirements into a singular licensure and assuring that the Department of Health will regulate and support PACE in conformity with Federal law and regulation, as a separate and distinct program.

## PACE Organization Development

The PACE Alliance supports the allocation of up to \$50 million to be made available, without competitive bids, for the development of residential and community-based alternatives to traditional nursing homes, and encourages that this funding be used to further develop and expand PACE as an alternative to nursing home care. ***The PACE Alliance encourages the legislature to support this proposal.***

## Healthcare Workforce Bonuses

The Governor has set a goal of growing the State's healthcare workforce by 20% over the next five years to address systemic staffing challenges exacerbated by the Covid-19 pandemic. The Executive Budget contains significant investments in our healthcare workforce, including one-time Healthcare Workforce Bonuses of up to \$3,000 for health and mental hygiene workers. As PACE organizations employ healthcare workers such as nurses, nutritionists, social workers and rehabilitation specialists, the PACE Alliance strongly urges that this proposal enable PACE organizations to access this program for their employees. ***The PACE Alliance urges the legislature to support this proposal and ensure that PACE organizations, as an Article 28 provider, are able to provide this benefit to their employees.***

## Statewide Healthcare Facility Transformation Program

The PACE Alliance supports increase the availability of grants for the Statewide Health Care Facility Transformation Program to \$650M up from \$200M. As licensed Article 28 providers, PACE organizations are eligible to apply for this Program. ***The PACE Alliance encourages the legislature to support this proposal.***

## Conclusion

We thank you again for the opportunity to provide testimony on these critical issues. The PACE Alliance welcomes the Committee's interest and looks forward to serving New Yorkers who can no longer live independently without the help of others as an interdisciplinary nursing home alternative model of care.