



**Report on Model State Practices for PACE**  
**Executive Summary**  
Issued February 2004

**Purpose and Scope**

With funding support from the John A. Hartford Foundation, the National PACE Association (NPA) organized and convened a workgroup to identify and develop model practices for state administrators of PACE. The workgroup's primary goal was to identify model state practices relevant to the development of PACE that states may work toward as they develop or improve PACE programs. For purposes of this workgroup, a model state practice is a state practice that promotes and supports the growth, development and quality of the PACE model of care.

A model state practice is a state practice that promotes and supports the growth, development, and quality of the PACE model of care.

The primary objective of this workgroup was to describe those state practices (past, present or future) that serve as model practices. The workgroup: identified the elements critical to the success of each model practice; generated examples of each model practice whenever possible; and identified any potential challenges, concerns or trade-offs related to the practices. This report is based on the findings of the State Model Practice Workgroup and proffers model practices in six areas:

- Developing a Operational State Infrastructure for PACE;
- Building and Responding to Provider Interest;
- Provider Application Process;
- Rate Setting;
- Eligibility Determination, Enrollment and Disenrollment Processes; and
- Monitoring Cost Effectiveness and Quality Outcomes for PACE.

**Section 1: Developing an Operational State Infrastructure for PACE**

Internal and external linkages are important for establishing an operational state infrastructure for PACE. PACE offers a comprehensive and broad range of services, some of which are provided by the PACE organization through contracts with multiple service providers.

PACE development, oversight and monitoring requires collaboration among a variety of state agencies, as well as community and provider organizations.

PACE development, oversight and monitoring requires a great deal of collaboration among a variety of state agencies, as well as a broad range of community and provider organizations. Absent linkages between these agencies and organizations, PACE development can be an extremely difficult and slow process.

The practice of establishing clear and consistent policies and regulations that build on a state's existing long term care policies and regulations also is important for creating an operational state infrastructure for PACE. The success of PACE programs is highly dependent on the policies and practices of state agencies. Once a policy or practice is proven to be effective, it should be clearly documented to ensure that it will be communicated, enforced and applied consistently and uniformly. Otherwise, when states

experience turnovers in personnel, new program specialists or managers will not be aware of key existing and/or historical PACE-related policies. For providers, clear, recorded policies and/or regulations avoid confusion and are easier to understand, respond to, and comply with. For staff from the Centers for Medicare and Medicaid Services (CMS), clearly recorded state policies are helpful as they review and approve state assurances and contracts.

In addition, the practice of building state requirements on existing Federal requirements and coordinating administrative activities with CMS prevents unnecessary duplication and burden, thereby fostering an operational state infrastructure for PACE. Reducing administrative burden for state staff is particularly important in states experiencing budget shortfalls, staffing shortages and hiring freezes. Reducing administrative burden for providers is important because it generally results in more time for staff to devote to patient care.

## **Section 2: Building and Responding to Provider Interest**

State administrators who take a lead role in educating and reaching out to prospective providers, advocates and consumers about PACE are particularly effective at building provider interest. A clear long term commitment to PACE as an essential component of a state's long term care mission also helps stimulate provider interest.

Provider interest in PACE requires encouragement and support from the state from conception through start-up. States provide this encouragement and support when they promote the viability of PACE with skillfully developed rates and opportunities to build census. States that ensure consumers have equal access to PACE as a long term care service option are more likely to sustain provider interest.

States are more successful at stimulating and responding to provider interest when they address financial risk and promote the viability of PACE with adequate rates and opportunities to build census.

In addition, some states are beginning to recognize the need for establishing a clear and fair process for provider selection. When selecting providers, states are becoming more receptive to innovative approaches designed to respond to community needs (i.e., approaches that co-locate PACE with affordable housing or veterans' services).

## **Section 3: The Provider Application Process**

The provider application process is more timely and successful when the state works as a partner with prospective providers throughout. The state practice of developing and facilitating three-way communication opportunities between CMS, the state and the prospective provider early on and throughout the provider application process helps ensure collaboration, transparency and predictability in the process.

The provider application process can take a significant amount of time and is susceptible to delays as eligibility, rate setting, licensing, monitoring and other issues are resolved by the state. States that demonstrate a commitment to enabling the timely completion of the PACE provider application and seeing that consumers receive services as soon as possible are more likely to work through difficult issues and complete the provider application process in a timely manner. States demonstrate this commitment when they develop a vision for the new PACE program, work proactively, plan ahead and develop work plans and timelines. States also can demonstrate a commitment by securing technical assistance when needed and collaborating with providers on difficult developmental issues. For example, states may identify potential funding sources to help providers with start-up expenses and risk reserves. In addition, states need to plan adequately for the state resources needed to process the provider application in order to ensure it is processed on a timely and effective basis.

## Section 4: Rate Setting

Those states that strive to make the rate setting process timely, transparent and predictable are generally more effective at developing a viable Medicaid rate. States are accomplishing this by encouraging a dialogue between the state and provider, establishing detailed work plans, and building an understanding of the UPL and rate setting processes for all interested parties. In order to develop a viable rate, state administrators need to foster a shared understanding among rate setters, actuaries, policymakers and providers about the PACE program, its participant population and the state's Medicaid system.

The practice of ensuring that the comparison population used to establish the UPL is comparable to the expected PACE participant population is critical to a viable rate. States need to ensure there is a consistency in the relationship between the UPL and rate setting process, eligibility criteria, and participant characteristics. States are establishing ongoing evaluation

In order to develop a viable rate, state administrators need to foster a shared understanding of the PACE program, its participant population, and the state's Medicaid system.

processes to ensure that the rate adequately compensates the provider for caring for the PACE population while providing a cost savings to the state.

In addition, those states that strive to ensure that providers have adequate resources to care for the PACE population and an opportunity for program growth are more likely to be effective in establishing a viable Medicaid rate. States are accomplishing this by offsetting the higher costs associated with the first year of operation through a rate set at a higher proportion of the UPL, encouraging providers to use net revenue to grow program census, and providing financial incentives for growth. While states may be tempted to minimize or eliminate any surplus in the rate (beyond the known operating costs), they must be careful to recognize the usefulness of a surplus if the provider is to recoup start-up expenses, establish risk reserves and grow the program. States need an ongoing evaluation process that will allow them to assess the appropriateness of their UPL and rate setting approach and resulting UPL(s) and rate(s).

## Section 5: Eligibility Determination, Enrollment and Disenrollment Processes

PACE provider organizations enroll very frail individuals, who often are in immediate need of services because of a recent health crisis. Consequently, it is extremely important for the enrollment process to facilitate quick access to services. States are accomplishing this goal by developing processes that expedite determinations related to Medicaid eligibility or allow retroactive enrollments in PACE for individuals awaiting Medicaid financial eligibility determinations. Approaches such as presumptive financial eligibility, financial fast tracking and rolling enrollment help states ensure timely access to PACE, so that consumers can access the care they need when they need it. As a result, the state is more likely to save money over nursing home expenditures, obtain predictability in expenditures and respond to Olmstead requirements.

States that ensure timely access to PACE services enable frail elders to continue living in the community and contribute to the viability of their PACE programs. States are collaborating with their PACE providers on the development and simplification of eligibility determination, enrollment and disenrollment processes. States are simplifying and streamlining eligibility and enrollment tools whenever possible. States also are turning to technology to simplify eligibility tools and processes by developing computerized assessment tools that can be saved and processed electronically.

Approaches such as presumptive financial eligibility, financial fast tracking and rolling enrollment help states ensure timely access to PACE, so that consumers can access the care they need when they need it.

By exercising their option to waive the recertification requirement, states are simplifying the clinical eligibility process for individuals whose health status is not expected to improve. States utilize the federal “deeming” provision that allows an individual whose health status may improve with the support of the PACE program (to the point where he/she may no longer be clinically eligible for nursing home level of care) to continue to participate in PACE if his/her health condition would be expected to decline within six months (to the point of becoming clinically eligible) without the support of the PACE program.

In addition, states are establishing clinical and financial eligibility criteria for PACE that place it on equal footing relative to other community based and institutional long term care programs. States that have successfully leveled the playing field for PACE to become a viable long term care option have created standardized clinical and financial assessment tools that are applied uniformly across all long term care programs. These states strive for consistency among institutional and community based eligibility rules and PACE. Some states are relying on technology to simplify eligibility tools and processes by developing computerized assessment tools that can be saved and processed electronically. This approach can save time and reduce the risk of originals or copies being misplaced during processing. In addition, the tool is portable so the information can be collected at first entry and follow the consumer through the long term care system.

### **Section 6: Monitoring Cost Effectiveness and Quality Outcomes for PACE**

States are placing more emphasis on creating an environment that supports continuous quality improvement by providers, within which the state’s quality measures can be applied. States share common goals with PACE providers and consumers with respect to quality. As a result, they are working as partners with consumers and providers to design and develop quality measures and quality monitoring systems. States recognize the importance of utilizing measures that are qualitative and quantitative. They are designing state monitoring systems that

complement but do not duplicate federal and other state agency monitoring systems. In addition, states are initiating quality improvement projects that involve multiple provider types so they can compare and contrast quality outcomes and cost effectiveness across a broad range of programs and services.

States with clearly defined expectations and priorities are more likely to see positive results in cost effectiveness and quality outcomes.

States that clearly define state expectations and priorities with respect to cost effectiveness and quality outcomes are more likely to see positive results. This may require states to target

measures on key policy priorities that are relevant to quality improvement, oversight and monitoring. In addition, states need to ensure that measures are appropriate for the population eligible to enroll in PACE.

### **Conclusion**

The intent of this report is to educate state administrators about those state practices that the State Model Practices Workgroup found promote and support the growth, development and quality of the PACE model of care. The National PACE Association and the State Model Practices Workgroup recognize that each state is unique. States are subject to a diverse range of factors which affect the way they develop and manage their long term care programs. Therefore, this report and the underlying findings of the workgroup are not intended to promote one state practice over another or imply that all of the model practices are appropriate or effective in all state environments. States are encouraged to draw on the experiences of other states, continue to seek innovative practices, and build upon the ideas generated from the workgroup and outlined in the report in ways that meet their individual needs.