



Majority Chairman Gary Day, Minority Chairman Steve Samuelson and Honorable Members of the House Aging and Older Adult Services Committee,

Thank you for holding today's hearing and this discussion about the LIFE program.

My name is Mark Irwin and I am the COO of Senior LIFE, Pennsylvania's largest LIFE provider operating in thirteen counties across Pennsylvania. In addition to my responsibilities at Senior LIFE, I am the Chair of the Pennsylvania LIFE Providers Alliance (PALPA)

I am pleased to have this opportunity today and would like to focus my remarks on budgetary issues. Specifically, I want to review the unique LIFE model, LIFE's funding and the LIFE program rates.

LIFE Model

The LIFE program funding is unique because it integrates funding from both Medicaid and Medicare. For each enrolled participant, LIFE is paid a capitated or single monthly amount for all of the services my colleagues described earlier. We are not permitted to charge any deductibles or co-pays and our home and community-based members contribute nothing towards the cost of care or services. The LIFE program is 100% liable and at risk for any and every thing our participants may need, including hospital, nursing home, homecare, physician, medical equipment and supplies, mental health and prescriptions. The program is designed and only works when LIFE provides proactive quality care to keep our members safe in the community.

LIFE Funding

I think it is very important to highlight that all costs are covered in our program. If an individual is enrolled in the alternative long-term services and supports program, Community HealthChoices (CHC), and needs behavioral health services, those services are covered under a separate behavioral health plan at an additional cost to the state. While our program and CHC are not exactly the same, when looking at the same population, those participants who are nursing facility clinically eligible, our program is paid over 30% less to care for these individuals than the CHC program. In 2019, the last time rates were available, the CHC-MCO capitation rate was \$5,248, while the LIFE capitation rate is \$3,754. When a Pennsylvanian who is eligible for CHC chooses LIFE, Pennsylvania saves about \$1,500 Per Member Per Month (PMPM). These figures are especially important as you make budget decisions over the next week on how to allocate scarce resources. Not only is LIFE an outstanding service model to keep our elderly out of the nursing home and in their homes, but it is a cost-effective program for Pennsylvania.

LIFE Rates

LIFE rates are set by the Commonwealth through the budget process, whereas the Managed Care Organizations (MCO) rates under CHC are set by an actuarial process with the Department of Human Services. Presently, LIFE rates are below where they were 9 years ago. In 2012, LIFE rates were cut by 5% to balance the state budget. Since that time, only 3% of the 5% cut has been restored. As we all know, the lack of rate increases has not kept up with the inflationary cost of care, including the rising cost of labor.

A review of rates nationally and in our neighboring states shows that Pennsylvania's LIFE rates are well behind:

	<u>Duals</u>	<u>Non Duals</u>
NY	\$4,895	\$6,925
NJ	\$4,492	\$5,982
National Average	\$4,141	\$6,193
PA LIFE	\$3,754	\$4,954

We have been working with the House and Senate Appropriations Committees to provide LIFE with at least a 2% rate increase in this budget so our rates can be restored to where they were in 2011. We have gotten strong response from both House and Senate Committees, so we are hopeful that it will be included in the FY 21-22 budget. Any assistance you can provide advocating to the House Appropriations Committee would be very helpful.

Last week, DHS published the ***PA State Spending Plan- the American Rescue Plan Act of 2021, Section 9817***. In that plan they acknowledge that some ARPA funds can be used for a LIFE rate increase. With both of these, PALPA is hopeful that the rate gap will be narrowed in this budget and LIFE providers will be paid a sustainable rate for their services.

Rate Setting

Lastly, CMS requires states establish an upper payment limit (UPL), which is the amount otherwise would be paid by Medicaid for a comparable group of individuals who are not enrolled in LIFE. At one time, our rate was 80% of the UPL which guaranteed the state a 20% savings. DHS submitted a state plan amendment that eliminated the 80% requirement. Since then, given the last data that was made available, we have dropped to about 65% of what would otherwise be paid. PALPA has requested to engage DHS in a formal rate setting process moving forward that uses actual data, like is done with CHC rate setting, to establish LIFE rates.

We are positive that the future is brighter and are pleased to be an option for those that prefer to stay in their homes as they age. Thank you for the opportunity to provide testimony today, and I hope that we have offered a clear picture of what the Pennsylvania LIFE program is all about. We would welcome any of you for a tour of our programs and I look forward to answering any questions you might have at this time.