



Testimony of

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Before the

Aging & Older Adult Services Committee

Pennsylvania House of Representatives

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Chairwoman Madden, Chairman Mentzer, and members of the Aging & Older Adult Services Committee:

Good morning and thank you for the opportunity to present testimony about the Living Independence for the Elderly, or LIFE Program. My name is Dan Drake, and I am the national President and CEO of Trinity Health PACE. I am also the Chair-Elect of the Pennsylvania LIFE Provider Alliance, or PALPA, and a lifelong Pennsylvania resident currently residing in Chester County.

Trinity Health operates PACE – or LIFE – programs in 12 states, including four states surrounding Pennsylvania, as well as Michigan, North Carolina, Florida, and Alabama. I am here today to offer a regional and national perspective on how other states approach rate-setting for PACE programs.

Nationally, 159 PACE programs operate in 32 states and the District of Columbia, serving nearly 76,000 participants. In Pennsylvania, 9 entities operate 19 LIFE programs. With over 50 individual day center sites serving 54 of the Commonwealth's 67 counties, LIFE programs currently care for over 8,000 participants. Trinity PACE serves 1,400 participants under 3 programs with 9 day center sites located in the five counties comprising Southeastern Pennsylvania.

You heard from previous testifiers this morning that LIFE programs, given their unique nature as both a payer and provider of long-term services and supports, are paid average monthly capitation rates for each participant. There are two categories of capitation rates – a dually eligible rate (for individuals qualifying for both Medicare and Medicaid) and a Medicaid-only rate. Approximately 95 percent of our participants are dually eligible for Medicare and Medicaid. Nationally, in 2024, the average PACE capitation rate for dual eligibles is \$4,735. Pennsylvania's rate is \$3,944, ranking it in the 25th percentile, nearly \$800 less per participant per month than the national average.

In terms of the 5 states surrounding Pennsylvania with PACE programs, the regional average capitation rate is \$4,664, \$720 more per member per month than Pennsylvania. Delaware PACE programs enjoy the highest rate at \$5,352, while Ohio had the lowest rate at \$3,367. However, it's worth noting that for Fiscal Year 2025, the state of Ohio, which uses the actuarial firm Milliman to set PACE rates, is increasing its rate by 23%, \$780 more per member per month, for a rate of \$4,147. This will make Pennsylvania far and away the lowest payer for PACE services in the region.

In terms of the Medicaid-only rate, which again only accounts for approximately 3-5% of our overall participants, things are even worse. Pennsylvania's Medicaid-only rate is the 9th lowest out of the 33 jurisdictions with PACE programs, and far lower than any surrounding state. National and regional average PACE payment rates paint a compelling picture as to why Pennsylvania's LIFE programs are in desperate need of rate increases.

However, you need not look outside of the commonwealth to understand the extent to which LIFE programs are being underfunded for the comprehensive array of services we are required to provide and pay for.

As you've heard this morning, PACE rates are set as a percent of the upper payment limit, or what the state otherwise pays for similar services to a similar population, with a mandate that PACE be less expensive. In Pennsylvania, as you have heard, the alternative to the LIFE program is Community HealthChoices, or CHC. For Fiscal Year 2023-24, the state paid on average \$7,187 per member per month to provide services for the same category of individuals – Nursing Facility Clinically Eligible – enrolled in CHC managed care plans. In other words, the state is paying \$3,243 **more** per member per month for CHC enrollees than it is paying LIFE programs for individuals qualifying to receive the same level of care – again, \$3,243 more per enrollee per month. As a commonwealth, we are spending 45% **less** per eligible individual for one program, LIFE, than we are spending for CHC enrollees, and expecting both programs to provide a similar comprehensive array of services.

To further put this into context, just 10 years ago, prior to CHC, LIFE program rates were 75% of the state's upper payment limit. Today, our rates are just 55% of what the state otherwise spends on services and supports for this population. What this means is that costs associated with this population have significantly increased, and our rates have not kept pace – pun intended – but CHC rates have. Each year, the commonwealth and its actuaries compensate CHC plans for those growing costs and we fall further and further behind.

Nationally, again for context, PACE programs are paid on average close to 90% of a state's upper payment limit, with a reasonable savings of at least 10-15% over alternative care programs. Several states peg their PACE rates to a percent of their UPL. In Michigan, PACE rates are set to 80% of the UPL, South Carolina rates are set to 96% of the UPL. PALPA's budget request, a modest request of \$9.4 million, would bring us up to just 58% of the state's 2023-24 UPL. **An investment of \$9.4 million in LIFE rates will pay for itself if only 500 individuals choose the LIFE program over CHC – that's how much of a lower cost quality option LIFE is over the alternative.** As our aging population continues to grow, and more of them require Medicare and/or Medicaid services, the LIFE program remains a vital tool to help governments bend the cost curve and allow individuals to remain in their communities and living independently.

Some might argue that if we can't cover our costs, we should make it up in volume – by increasing our enrollment. While the inadequacy of our current payment rates makes this somewhat of a specious argument, make no mistake that we are all doing what we can to increase enrollment in our programs. As you know, DHS utilizes an independent enrollment broker called Maximus to provide options counseling to all eligible individuals seeking long term services and supports. CHC and LIFE are required to be presented as options for all eligible individuals. According to the Q4 2023 Acts 40 and 54 report, Maximus received over 100,000 calls during the months of October through December. Of those calls, 5,456 were regarding the LIFE program. Only 111 individuals opted to be connected to a LIFE program. Let me repeat that: 111 direct LIFE touch points out of 100,359 calls placed to the IEB during those three months.

While not all of those individuals were appropriate for LIFE enrollment, the program was reviewed as an option during in-home visit assessments from Maximus over 15,000 times. And yet there were only 111 connected to a LIFE program. The current process for counseling individuals about their LTSS options is not working for the LIFE program. DHS has again indicated a willingness to review the process and seek improvements, and we appreciate their attention. But to date, five years since the initial implementation of CHC, we have yet to see signs of progress in terms of sufficient enrollment growth.

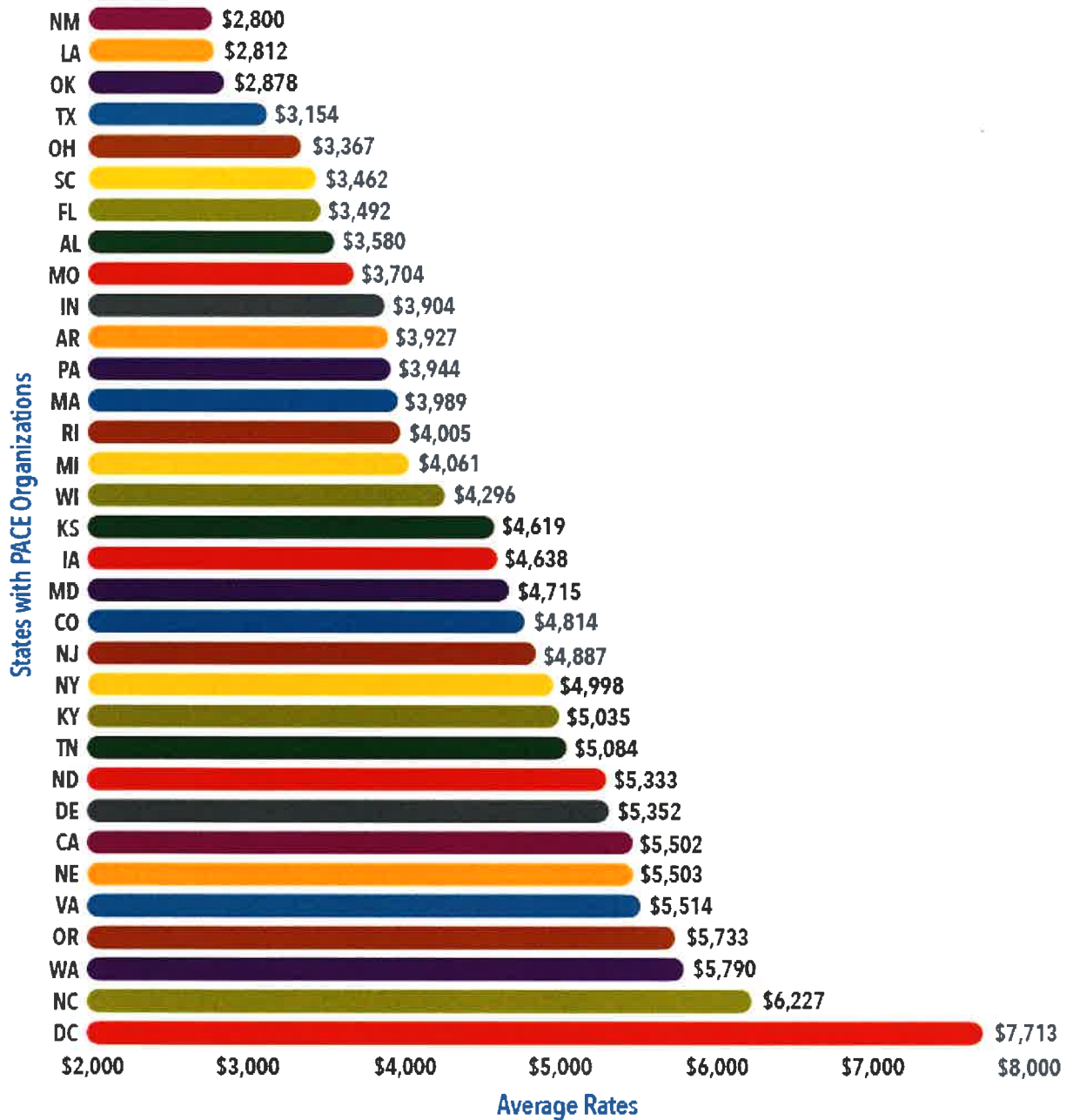
We may not be the right program for everyone, but for 27 years we have been a vital part of the commonwealth's efforts to serve its aging and vulnerable population. We appreciate our historic partnership with the commonwealth. But we are in desperate need of your additional support now – as health care input prices continue to rise and we struggle with the same workforce challenges as every other payer and provider of health services. LIFE programs are being put at an increasingly insurmountable competitive disadvantage to remain a viable alternative to other service options such as CHC. Please help us ensure that we can continue to provide high quality care to our aging loved ones in the communities in which they live and wish to remain.

Thank you for your interest in learning about this program, its value, and the challenges it faces in today's environment. We ask for your help in spreading the word about LIFE to your constituents and fellow members and for your support of a rate increase in this year's budget.

I'd be happy to answer any questions.

Enclosure: State-by-state Medicaid PACE/LIFE rate (dually eligible) comparison

Figure 5: Dually Eligible PACE Medicaid Rates



Source: "Medicaid Capitation Rates and PACE Date: 2024." National PACE Association