



1100 Bent Creek Boulevard, Mechanicsburg, PA 17050  
O: 717-763-5724 | F: 717-763-1057 | [www.LeadingAgePA.org](http://www.LeadingAgePA.org)

May 17, 2024

Majority Chair Madden, Chair Mentzer, and Members of the House Aging and Older Adult Services Committee,

LeadingAge PA appreciates the opportunity to offer testimony on behalf of our Living Independence for the Elderly (LIFE) members, and we thank the Committee for holding this hearing to raise awareness and understanding of the challenges and need of this program.

As an association representing more than 400 mission-driven and non-profit providers of aging services in Pennsylvania, including operators of 34 LIFE programs, LeadingAge PA is uniquely positioned to speak to an ecosystem mindset. The network of care and services available to older adults across the commonwealth is varied yet interconnected. We cannot take a siloed approach, supporting one sector at the expense of another. To truly meet the needs of older Pennsylvanians, we must build up the entire ecosystem in tandem. Unfortunately, LIFE is often forgotten or misunderstood, but it is a crucial piece of the landscape.

By way of background, the LIFE program is a comprehensive managed care model which serves as an alternative to the Community HealthChoices (CHC) Managed Care Organizations (MCOs) in Pennsylvania. LIFE provides health and support services with the goal of helping seniors who wish to remain in their homes continue to live independently in the community. Approximately 90% of LIFE participants are able to remain in their homes, with 10% who ultimately need care in a nursing facility. Individuals are eligible for LIFE if they are age 55+, qualify as Nursing Facility Clinically Eligible (NFCE), and can reside safely at home with support from LIFE. To be financially eligible, a participant must be either dual-eligible (Medicare and Medicaid benefits) or have Medicaid only, or be able to pay privately. All but 13 counties in Pennsylvania have a LIFE program.

Through the LIFE program, participants receive access to a day center as well as services in the home which encompass:

- Therapy and rehabilitation
- A dedicated care team including a primary care physician, nursing support, dental care, and specialist care
- Opportunities for socialization
- Meals and nutrition services
- Transportation
- Medication management and prescription coverage
- Coverage for acute care, specialist visits, and behavioral health services

One of the most pressing examples of how our state has failed to support this wonderful program is in Medicaid (MA) reimbursement. Since 2008, the LIFE program has received a net increase of only 2.8% to their MA rates. In the face of staggering cost increases that all healthcare providers have faced, particularly since 2020, LIFE has been left behind when comparing their rate growth to other sectors, as well as to similar programs in other states



1100 Bent Creek Boulevard, Mechanicsburg, PA 17050  
O: 717-763-5724 | F: 717-763-1057 | [www.LeadingAgePA.org](http://www.LeadingAgePA.org)

(LIFE-equivalent programs outside of PA are known nationally as PACE). The average rate for PACE in neighboring states (\$4,881) is 24% higher than Pennsylvania's current rate (\$3,944).

Furthermore, recent increases and funding accountability requirements<sup>1</sup> for other sectors, including nursing homes and home care, have had a direct impact on the ability of LIFE providers to sustain operations at their current funding levels. In addition to trying to compete for workers against other sectors with higher reimbursement, LIFE is now forced to pay higher rates to other provider types when their participants need those services, such as the 10% of LIFE participants who end up needing care in a nursing home. Additional funding would allow LIFE providers to increase wages and remain competitive in this depleted workforce.

For all of these reasons, LeadingAge PA has been advocating for a minimum \$8.9 million investment in the FY 2024-25 state budget, plus consideration for inflation, to go toward a 5% MA rate increase for LIFE. We say minimum because this amount is not enough to close the gap providers have been scrambling to cover for years. The majority of LIFE providers have reported cost increases of 20-50% from 2020 to 2023, yet LIFE rates only grew roughly 5% during that same time frame, finally bringing them back to the rates they held before a 2012 rate cut. It is clear that even this 5% will not fully address the issue. However, given the reality of demands facing the state budget, we acknowledge that 5% would at least be a meaningful start for this fiscal year as we continue our work to adequately fund this program.

Since LeadingAge PA welcomed 34 LIFE programs into its membership in 2023, we have been supportive of the work the PA Department of Human Services (DHS) is doing to develop a more equitable rate-setting methodology for LIFE providers. The current rates are not based on any calculation reflective of costs or estimation of what LIFE providers actually need to provide care. Rather, the only requirement is that the rate be less than 100% of the "amount that would have otherwise been paid" (AWOP), formerly referred to as the upper payment limit (UPL), for similar participants under the Community HealthChoices (CHC) program. Currently, the rates sit at less than 55% of the AWOP, though historically, they were as high as 80%. In order to better align the rates with what it actually costs LIFE to provide care, while still remaining under 100% of the AWOP, the department and LIFE providers have been undergoing extensive efforts to collect the data necessary to develop a better rate calculation.

Implementing reporting protocols and systems to develop rates on the CHC side took upwards of five years. We continue to work through this process on the LIFE side, however there is significantly more nuance to capture costs and utilization for this program. It is not as simple as copying the same reporting formats that were used for CHC. For example, LIFE program centers involve unique operational expenses that are not yet reflected in reporting, such as utilities and center upkeep. CHC also bills provider interactions per visit, whereas a LIFE

---

<sup>1</sup> Nursing homes received needed funding increases in the FY 2022-23 and 2023-24 state budgets to help meet increased staffing mandates. This funding was tied to a 70% accountability requirement where 70% of a nursing home's costs must go to the bedside. The recent Ensuring Access to Medicaid Services federal rule also requires that at least 80% of Medicaid HCBS payments directly compensate direct care workers, which will consequently raise wages for direct care workers in home care settings, as well as increase the costs LIFE providers must pay for any contracted home care.



1100 Bent Creek Boulevard, Mechanicsburg, PA 17050  
O: 717-763-5724 | F: 717-763-1057 | [www.LeadingAgePA.org](http://www.LeadingAgePA.org)

physician or social worker may check in on a participant throughout the day at the center rather than logging a single scheduled visit. It is difficult to quantify the extent of support the LIFE model offers to participants.

For these reasons, while we agree that data collection is important and necessary to establishing proper rates, we acknowledge that it will take some time before this process is completed. In the Department's most recent estimation, providers will begin submitting Medicaid Encounter data in July 2025, after which there will still need to be additional data validation, testing, and trending. As we work through these processes to ensure the final product is a reliable and accurate rate-setting process for LIFE, **these programs cannot afford to continue operating with no increase in the interim.**

It is also worth noting that because the LIFE program operates at such a substantially reduced cost to the Medicaid program, any funds invested in this program would essentially be recouped through resultant savings. With more substantial rates and public awareness, more individuals can enroll in LIFE, allowing state Medicaid dollars to stretch further as those new participants would have otherwise received more costly care under CHC.

But money isn't everything. The LIFE program offers countless health and social benefits to its participants and their families. Participants are able to maintain the independence of living in their own home while receiving clinical and social interactions through a community-focused program center. LIFE provides participants transportation to the center, in addition to scheduling assistance at home with familiar caregivers, and can even offer home modifications or other needed supports. Participants can see a physician and therapy professionals at the LIFE center any time they need it, without having to wait weeks or even months to schedule an appointment or arrange transportation to outside providers. This model works well to avoid unnecessary hospitalizations, and the interdisciplinary care team model results in a holistic system of support that truly matches each participant's needs.

In order to serve as many Pennsylvanians as possible who could benefit from this care model, the LIFE program needs to be built up through increased investment as well as public awareness and access. Unfortunately, in addition to the financial challenges shared above, LIFE struggles to enroll new participants due to strict PACE marketing regulations at the federal level, which put LIFE providers at a disadvantage compared to aggressive Medicare Advantage plans. There have also been challenges getting equal representation in presenting LIFE as an option through Pennsylvania's Independent Enrollment Broker (IEB). We are astounded by the low number of referrals coming through the IEB that end up being shared with each LIFE program (less than 1%!). This is an area that requires immediate attention to ensure older adults know and understand all of their options when they need support.

It is critical that the legislature recognize that additional investment and awareness of the LIFE program is needed. Your support will not only relieve some of the pressure on other parts of the ecosystem, such as nursing homes and hospitals that are struggling with a critical access to care crisis, but will also preserve and expand access to a variety of services that enable older adults to age with dignity and choice wherever possible.



1100 Bent Creek Boulevard, Mechanicsburg, PA 17050  
O: 717-763-5724 | F: 717-763-1057 | [www.LeadinAgePA.org](http://www.LeadinAgePA.org)

We appreciate your thoughtfulness in reviewing the information shared at this committee hearing. We encourage you to reach out to a LIFE provider in your area to tour their center and learn more about what older adults can gain by participating in this unique program. We've also attached a copy of our FY 2024-25 budget collateral for additional context.

Thank you again for your consideration, and please don't hesitate to contact us regarding any issues that impact older adults and those who care for them in Pennsylvania. You can reach Legislative Affairs Director, Austin Cawley, at [acawley@leadingagepa.org](mailto:acawley@leadingagepa.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Garry Pezzano", written in a cursive style.

Garry Pezzano  
President and Chief Executive Officer  
LeadingAge PA