

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

Drafting Number: LLS 15-0690	Date: October 5, 2015
Prime Sponsor(s): Sen. Balmer	Bill Status: Signed into Law
Rep. DelGrosso; Ginal	Fiscal Analyst: Kerry White (303-866-3469)

BILL TOPIC: PACE PROGRAM FLEXIBILITY FOR BUSINESS ENTITY

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue and Expenditures	Potential increase See State Revenue and Expenditures section	
FTE Position Change	Potential increase	
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

This bill expands the type of entities that are authorized under state law to provide the Program of All-Inclusive Care for the Elderly (PACE) from only nonprofit organizations to also include public, private, and for-profit entities. The establishment of these additional types of PACE organizations is subject to federal approval.

No later than 60 days prior to closing or converting from a non-profit to a for-profit organization, the PACE provider is required to submit a conversion plan and written notice of the conversion to the Attorney General and bear all costs associated with public oversight and review of the conversion by the Attorney General's office. Within 10 days after the receipt of the conversion plan, the Attorney General is required to post it and to post and receive public comments for at least 30 days.

Background

PACE provides comprehensive long-term services and supports as an alternative to nursing facility care. The program is available to persons age 55 or older who are enrolled in Medicare or Medicaid and deemed eligible for nursing facility care by a Single Entry Point (SEP) agency. Clients must live within a PACE provider service area and be able, with supportive services, to live in the community safely. Services are typically offered in an adult health center and supplemented with in-home and referral services. Health and service benefits include: primary and hospital care, prescription drugs, emergency services, physical therapy, home care, meals, dentistry, nutritional counseling, social services, and transportation, among others. Once enrolled, if a client requires it, the PACE program will also pay for nursing facility care.

There are four existing nonprofit PACE organizations in Colorado: InnovAge Greater Colorado PACE, serving Adams, Arapahoe, Broomfield, Denver, and Jefferson counties; InnovAge Greater Colorado PACE, serving Pueblo County; Rocky Mountain PACE, serving El Paso County; and Senior CommUnity Care/VOANS PACE, serving Delta and Montrose counties.

Under federal law, the PACE program may only be operated by a for-profit entity if a demonstration waiver is approved or if a review of a forthcoming federal report finds certain conditions have been met. As of this writing, no applications for demonstration waiver projects are being accepted by the federal government and the report has not been finalized or reviewed.

State Revenue and Expenditures

To the extent that PACE organizations seek to convert, revenue and costs could increase within the Attorney General's office of the Department of Law. These impacts are anticipated to be minimal.

Conditional upon federal approval, this bill will increase costs for the HCPF by an indeterminate amount. As of this writing, it is not known when any costs may be incurred.

Depending on federal requirements, costs may include a requirement to apply for a waiver or a similar approval process. These costs would likely be about \$45,000 and 0.5 FTE, based on other demonstration waiver application costs.

In addition, if one or more new PACE sites are approved, costs will increase to conduct an actuarial analysis, manage the new project site, and provide medical services. Depending on the locations chosen and clients served, costs are anticipated to increase to provide PACE services. As of this writing, these costs have not been calculated because the new service area is not currently known and it is not possible to determine how many new clients will be served. Generally, most clients that move to PACE are already participating in Medicaid through the Elderly, Blind, and Disabled (EBD) Waiver and receive home- and community-based services (HCBS).

In FY 2016-17, it is projected to cost about \$13,580 per client in the EBD Waiver and \$47,430 per client in the PACE program. If all clients are transitioning from the EBD Waiver to PACE, the net increase in state costs is about \$33,850 per client, less any savings from not having to provide other acute care services.

This analysis assumes the HCPF will be required to request adjustments in appropriations through the annual budget process once the details of the process to obtain federal approval are known, and assuming federal approval is received, the number of new PACE clients that would be served.

Effective Date

The bill was signed into law by the Governor on May 8, 2015, and it became effective on August 5, 2015.

State and Local Government Contacts

Health Care Policy and Financing

Public Health and Environment