



Testimony for the Ohio Senate Finance Committee

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On behalf of the McGregor Foundation

Good morning, Chair Dolan, Vice Chair Cirino, Ranking Member Sykes, and members of the Ohio Senate Finance Committee. My name is Patrick Schwartz, and I am the Vice President for Government Affairs at High Bridge Consulting. For the past two years, my colleagues at High Bridge and I have been honored to represent McGregor PACE, Ohio's only current Program for All-Inclusive Care for the Elderly (PACE).

McGregor first began serving older adults in 1877, and eventually developed into an organization that today offers independent living, assisted living, skilled nursing care, short-term rehabilitation, hospice, and, since 2010, PACE care. McGregor provides exceptional care to its 650 PACE participants and serves as a state and national role model for stewardship of PACE.

As you may have heard from McGregor PACE and other PACE advocates, the program provides comprehensive medical and social services to certain frail older adults living in the community, with the program assuming full financial risk for all primary, acute, and long-term care services to the frail older adults they serve. Roughly 85% of McGregor PACE's participants are dually eligible for both Medicare and Medicaid, 14% are Medicaid only, and less than 1% pay privately.

McGregor PACE proudly reports that while 100% of PACE participants are nursing home eligible, only 5% on average currently live in a long-term care setting. 97% of McGregor PACE participants report they are satisfied with their care and would recommend PACE to their friends and family. PACE has been proven to reduce costly long-term care stays for individuals who wish to safely remain in the community with access to the right services. While the program does offer higher health outcomes and satisfaction than other programs, under federal requirements, the PACE model also saves taxpayer dollars by requiring states to pay less than what they would otherwise spend for traditional Medicaid funded health care services. The current PACE rates save the state more than \$1000 each month in comparison to what would otherwise have been paid via the Medicaid program for long-term care.

I would like to thank the Ohio Senate and Ohio House for their support of the PACE model in the 134th General Assembly. Thanks to your efforts and the efforts of the Administration, the Ohio Department of Aging is expanding this worthy program to Franklin, Hamilton, Montgomery, Lorain, Lucas, and Summit Counties, as well as a rural county not yet named, through a rigorous RFP and selection process designed to find highly qualified entities to provide PACE services in these new service areas.

As Ohio moves forward with expanding this cost-effective model of care, the state should require that the PACE rates are adjusted annually to ensure that the rate matches the actual cost of the program

more closely. PACE programs receive a fixed, monthly payment (called a capitation rate) from Medicare and Medicaid for each enrolled participant. The cost of providing care to PACE participants can vary greatly depending on factors such as geographic location, participant health status, and availability of community resources. If the capitation rate is not adjusted annually, it can result in significant financial strain on PACE programs, potentially harming the ability of current and future PACE providers to accomplish offering the care coordination and crucial services that participants rely on.

Moreover, PACE programs are required to meet strict federal regulatory standards, and the cost of meeting these standards can also vary depending on state and local requirements. Regular adjustments to the capitation rate can help ensure that PACE programs are adequately funded to meet these standards and provide high-quality care to participants.

Prior to an increase in 2017, PACE Medicaid and dual rates had not risen in 7 years. An annual review and adjustment based on costs would ensure this does not happen again. While not all home- and community-based programs have an annual rate adjustment, PACE is designed to serve the nursing home eligible population, and thus should have some of the same safeguards for ensuring rate adjustments that our nursing homes have in Ohio.

Codifying an annual rate adjustment will help ensure the financial sustainability of PACE programs, maintain the quality of care for participants, and enable PACE to continue to serve as a cost-effective alternative to nursing home care for seniors. Ohio should not leave behind one of the state's most impactful senior care options. Even if a cost assessment suggests an upward adjustment to PACE's dual or Medicaid only rate, PACE will maintain a cost savings because it is federally required to do so, and because the program provides services in the right place at the right time through a coordinated team approach. For example, even with a hypothetical 7% increase to the PACE monthly rate for dual eligible participants and a very conservative projection of 200 participants served at the 7 new sites once they become active, as well as McGregor's 650 participants, the state would still save approximately \$15M each year in caring for these individuals. This number can increase drastically as new programs are able to increase their capacity.

On behalf of McGregor PACE and our state's population of older adults with care needs who wish to remain in their homes and in their communities, I thank you for your attention to this important issue and would welcome any questions you may have at this time.