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Testimony to the Ohio Senate Medicaid Committee
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Chair Romanchuk, Vice Chair Brenner, Ranking Member Liston, and Members of the Ohio Senate Medicaid Committee:

On behalf of BoldAge PACE and the individuals and families we serve, thank you for the opportunity to submit testimony regarding the Program of All-Inclusive Care for the Elderly (PACE) and the urgent need for payment reform in Ohio's PACE rate-setting methodology.

As you are aware, PACE is a fully integrated, community-based program serving frail, nursing home-eligible older adults—individuals who would otherwise require care in long-term facilities or through the Managed Long-Term Services and Supports (MLTSS) structure under MyCare Ohio. The promise of PACE is to provide this care more effectively, more compassionately, and more affordably by enabling these Ohioans to remain in their homes and communities.

We are concerned that the most recent ratesetting methodology for PACE, should it continue into the next ratesetting year, may undermine the promise of Ohio's PACE expansion. Specifically, Ohio's approach assumes that lower nursing home utilization among new PACE participants equates to lower risk and cost—an assumption that is contrary to federal guidance and lacks actuarial support. In fact, federal guidance indicates that states may consider the opposite of Ohio's practice—paying higher rates for new programs, which are often financially challenged for the first 18-24 months of operation.

The existing methodology, should it continue, risks penalizing PACE providers for success. By basing rates on utilization rather than population risk, the state underestimates the costs of caring for a high-acuity, nursing home eligible population. Lower nursing home utilization is not an indicator of reduced need—it is the direct result of PACE's success in delivering robust, proactive care in the community. When PACE expands across Ohio, it will immediately provide savings to the state of Ohio, circumventing costly institutional care. However, these savings will be curtailed in PACE organizations struggle to meet their costs because reimbursement is based on artificially low utilization estimates.

CMS guidance is clear: PACE rates must be less than—but directly comparable to—the amount that would have otherwise been paid (AWOP) for individuals who are eligible for but not enrolled in PACE. As noted in CMS's PACE Medicaid Capitation Rate Setting Guide, AWOP must be based on projected costs for a comparable population using a blend of nursing facility and home and community-based services (NF/HCBS) expenditures—not merely past utilization patterns. The document further instructs states to reflect the actual service mix and cost of the frail elderly population, which the PACE demographic will closely mirror.

The misconception that PACE enrollees are “less acute” because they reside in the community is unsupported by existent research. In fact, PACE participants are equally high-risk as MLTSS participants.

As highlighted in the accompanying analysis titled *“PACE Enrollees’ Community Status Does Not Reduce Their Risk Equivalence to MLTSS,”* every PACE participant meets the same nursing home eligibility criteria as MLTSS enrollees. They require intensive support—medical, social, nutritional, and psychological—delivered daily to remain at home. Their ability to do so is not a sign of lower need; it is a sign of PACE’s effectiveness.

Adopting a rate methodology that reflects a blended NF/HCBS AWOP ensures actuarial fairness, aligns with CMS requirements, and promotes fiscal sustainability. Ohio’s current approach—tying AWOP to narrow projections of nursing home use—undermines these goals and risks destabilizing existing and emerging PACE programs across the state.

Make no mistake: when we are discussing improving PACE reimbursement, we are not talking about the state of Ohio making any further investments in PACE. Rather, we’re asking the state to adopt a fair rate that will enable PACE to take hold and expand in the ten counties where it is available, accelerating the savings to the state of Ohio. Even when calculated using a higher NF/HCBS blend, PACE is more cost-effective than traditional MLTSS. Average monthly costs for the MLTSS population in Ohio range from \$5,000 to \$6,000, depending on the region. PACE programs consistently operate under these figures while delivering higher satisfaction, reduced hospitalizations, and fewer transitions to nursing facilities. These are precisely the outcomes Ohio’s Medicaid system should seek to reward. PACE is a sound investment in the health and well-being of frail elderly.

Moreover, states with mature PACE experience—such as California, Michigan, and Massachusetts—use NF/HCBS-blended AWOP methodologies to establish rates that are both sustainable for providers and cost-saving for the state. Ohio deserves the same.

We respectfully urge the Ohio Senate Medicaid Committee to:

1. Align PACE capitation rates with CMS guidance by using the NF/HCBS blended AWOP methodology tied to a comparable MLTSS population.
2. Avoid penalizing providers for reduced utilization that results from successful care coordination.
3. Engage stakeholders—including current and prospective PACE providers—in rate development discussions to ensure transparency and alignment.

BoldAge PACE stands ready to work in partnership with the Committee, the Ohio Department of Medicaid, and CMS to ensure PACE continues to thrive in our state. Ohio’s most vulnerable seniors deserve a model of care that is both high-quality and fiscally sustainable. That model is PACE. But first, we need a payment structure that allows it to succeed.

Thank you for your consideration and for your commitment to Ohio’s older adults.