

## **BILL ANALYSIS**

Senate Research Center  
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S.B. 1878  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Program for All-Inclusive Care for the Elderly (PACE) provides community-based comprehensive health care services to those over the age of 55 and certified to need nursing home care. It integrates short and long-term health care by combining Medicare and Medicaid financing. However, participation in PACE is not always available as an alternative to a Medicaid managed care plan and it is not always considered when recommending an individual to a long-term care facility or nursing home. Other such administrative obstacles prevent PACE from running efficiently.

Currently, PACE is in effect and the Health and Human Services Commission (HHSC) adopts the rules for its implementation. This program saves Medicaid and Medicare payors about 14 percent cost per member per annum compared to a nursing home and medical care costs. It is able to assume cost control responsibility without externally imposed cost constraints, which allows it to more appropriately match individuals with services.

This bill designates the executive commissioner of HHSC (executive commissioner) as the person to adopt the rules for implementation. It also ensures that participation in the PACE program is available as an alternative to a Medicaid managed care plan. It requires the establishment of referral protocols and requires that certain managed care organizations consider the availability of PACE when considering whether to refer a recipient to a long-term care facility. This bill authorizes that PACE be considered a community-based service option under any initiative that is designed to eliminate barriers that prevent flexible use of funds. PACE organizations may coordinate with entities that are eligible to obtain discount prescription drug prices. This bill also establishes a PACE program team responsible for increasing public attention for the program, increasing the number of program sites, and serving as a liaison with related state and federal agencies.

As proposed, S.B. 1878 amends current law relating to the program of all-inclusive care for the elderly.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Health and Human Services Commission (HHSC) is transferred to the executive commissioner of HHSC in SECTION 1 (Section 32.053, Human Resources Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 32.053, Human Resources Code, by amending Subsections (a), (b), and (e) and adding Subsections (f) and (g), as follows:

(a) Requires the Health and Human Services Commission (HHSC), as an integral part, rather than as a part, of the medical assistance program, to develop and implement a program of all-inclusive care for the elderly (PACE) in accordance with Section 4802 of the Balanced Budget Act of 1997 (Pub. L. No. 105-33), as amended.

(b) Requires the executive commissioner of HHSC, rather than HHSC to adopt rules as necessary to implement this section. Requires the executive commissioner, rather than HHSC, in adopting rules, to:

- (1) use the Bienvivir Senior Health Services of El Paso initiative as a model for the program;
- (2) ensure that a person is not required to hold a certificate of authority as a health maintenance organization under Chapter 843 (Health Maintenance Organizations), Insurance Code, rather than under the Texas Health Maintenance Organization Act (Chapter 20A, Vernon's Texas Insurance Code), to provide services under the PACE program;
- (3) ensure that participation in the PACE program is available as an alternative to enrollment in a Medicaid managed care plan under Chapter 533 (Implementation of Medicaid Managed Care Program), Government Code, for eligible recipients, including recipients eligible for assistance under both the medical assistance and Medicare programs;
- (4) ensure that managed care organizations that contract under Chapter 533, Government Code, consider the availability of the PACE program when considering whether to refer a recipient to a nursing home or other long-term care facility; and
- (5) establish protocols for the referral of eligible persons to the PACE program.

Make a nonsubstantive change.

(e) Requires the Department of Aging and Disability Services (DADS) and area agencies on aging, rather than HHSC with the cooperation of DADS and area agencies on aging, to develop and implement a coordinated plan to promote PACE program sites operating under this section. Requires HHSC to adopt policies and procedures, including operating guidelines, to ensure that caseworkers and any other appropriate HHSC staff discuss the benefits of participating in the PACE program with long-term care clients. Makes nonsubstantive changes.

(f) Requires HHSC to consider the PACE program as a community-based service option under any "Money Follows the Person" demonstration project or other initiative that is designed to eliminate barriers or mechanisms that prevent or restrict the flexible use of funds under the medical assistance program to enable a recipient to receive long-term services or supports in a setting of the recipient's choice.

(g) Authorizes a PACE program site to coordinate with entities that are eligible to obtain discount prescription drug prices under Section 340B, Public Health Service Act (42 U.S.C. Section 256b), as necessary to enable the PACE program site to obtain those discounts.

SECTION 2. Amends Subchapter B, Chapter 32, Human Resources Code, by adding Section 32.0531, as follows:

Sec. 32.0531. PACE PROGRAM TEAM. Requires DADS to establish a PACE program team composed of experienced personnel. Provides that the team is responsible for increasing public attention and awareness of the availability of PACE program sites, increasing the number of PACE program sites operating in this state, and serving as a liaison with the state and federal agencies responsible for administering the PACE program, participants in the program, and PACE program sites.

SECTION 3. Requires a state agency, if necessary for implementation of a provision of this Act, to request a waiver or authorization from a federal agency, and authorizes delay of implementation until such a waiver or authorization is granted.

SECTION 4. Effective date: September 1, 2011.