

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 21, 2011

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: SB1878 by Deuell (Relating to the program of all-inclusive care for the elderly.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Human Resources Code Chapter 32 regarding the program of all-inclusive care for the elderly (PACE). The bill would require the Health and Human Services Commission (HHSC) to ensure that PACE participation is available as an alternative to enrollment in a Medicaid managed care plan; the agency must ensure that managed care organizations (MCOs) with which HHSC contracts consider the PACE program when referring a recipient to a nursing home or other long-term care facility; the agency must establish protocols for the referral of eligible persons for PACE; and adopt a reimbursement methodology for provider payments under the PACE program. The Department of Aging and Disability Services (DADS) shall consider the PACE program as a community-based service option under Money Follows the Person. The PACE program team, established in the Act, would conduct a feasibility study for implementing a statewide standard reimbursement rate for PACE providers and submit the report to HHSC no later than September 1, 2012.

Currently, the STAR+Plus waiver has mandatory enrollment for aged and disabled individuals in areas of the state where it is available. The bill would require HHSC to amend the existing waiver to allow members to choose between the PACE program and STAR+Plus. HHSC indicates the contracts with MCOs would also need to be amended. Providing PACE as an alternative to STAR+Plus could result in a small savings to HHSC with an offsetting cost to DADS, as DADS would make the payment to the PACE provider when the client disenrolls from STAR+Plus managed care; any net savings would be dependent on a difference in average monthly cost between PACE and STAR+Plus. Currently there are only three PACE sites with 1,078 slots and STAR+Plus is not currently available in those areas (El Paso, Amarillo, and Lubbock); STAR+Plus is expected to be available in Amarillo in FY 2012 and the other two sites in FY 2013. PACE is not an entitlement under Medicaid, so the availability of slots could also affect the ability to enroll clients into the PACE program as an alternative to STAR+Plus or as a community-based service option under Money Follows the Person.

It is anticipated that any cost to implement provisions of the bill would be minimal and could be absorbed within available resources at HHSC and DADS.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 539 Aging and Disability Services, Department of

LBB Staff: JOB, CL, ML, MB, NB