

BILL ANALYSIS

H.B. 3823
By: Price
Human Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The program of all-inclusive care for the elderly, or PACE, is a Medicaid and Medicare program serving individuals who are 55 or older, are living with certain health care needs, are eligible by the state to receive nursing home care, and can live safely in the community. If appropriate, PACE provides all services covered by Medicare and Medicaid as well as additional services, such as adult day care, occupational and recreational therapies, and home health and personal care, that are determined necessary by a health care team to improve and maintain the participant's overall health status. Interested parties explain that PACE is a capitated program with fixed monthly rates for each individual admitted to the program regardless of whether the individual's health deteriorates, at which point the program will cover the increase in health care costs. The parties point out that this is a contrast to the STAR+PLUS Medicaid managed care program, which places all the risk on the state by adjusting rates in conjunction with the individual's current health status.

Evaluations have shown that individuals who are admitted to the PACE program typically have better outcomes than those in other programs, but current data does not allow the state to compare Medicaid client outcomes across the PACE and the STAR+PLUS programs. H.B. 3823 seeks to provide for such a comparison.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 3823 amends the Human Resources Code to require the executive commissioner of the Health and Human Services Commission (HHSC), in setting the reimbursement rates under the program of all-inclusive care for the elderly (PACE), to ensure that reimbursement rates for providers under the program are adequate to sustain the program; that reimbursements paid under the program do not, in the aggregate, exceed the reasonable and necessary costs to operate the program; and that the program is cost-neutral when compared to the cost to serve a comparable population in the STAR+PLUS Medicaid managed care program.

H.B. 3823 requires HHSC, for purposes of managing program reimbursements, to consider requiring providers under the PACE program to report historical cost and utilization data. The bill, if HHSC requires providers to report historical cost and utilization data, authorizes HHSC to establish a cost-reporting structure that accommodates data collection from providers by

modifying as appropriate an existing cost-reporting structure used for other programs administered by HHSC and requires HHSC to determine which costs the commission considers reasonable and necessary under the program.

H.B. 3823 requires HHSC, for purposes of ensuring the program is cost-neutral when compared to the cost to serve a comparable population in the STAR+PLUS Medicaid managed care program, to consider data on the cost of services provided to comparable recipients enrolled in the STAR+PLUS Medicaid managed care program to calculate the upper payment limit component of the PACE program reimbursement rates. The bill establishes that the cost of those services includes the Medicaid capitation payment per recipient and Medicaid payments made on a fee-for-service basis for services not covered by the capitation payment.

H.B. 3823 requires HHSC, in collaboration with the Department of Aging and Disability Services (DADS), to modify the methods by which HHSC and DADS collect data for evaluation of the PACE and STAR+PLUS Medicaid managed care programs to allow comparison of recipient outcomes between the programs. The bill requires the modification to data collection methods to include changes to survey instruments that measure recipient experience; compilation of the same or similar complaint, disenrollment, and appeals data; and compilation of the same or similar hospital admissions and readmissions data.

H.B. 3823 requires HHSC, in collaboration with DADS, to conduct an evaluation of the PACE program that compares Medicaid costs and client outcomes under the PACE program to Medicaid costs and client outcomes under the STAR+PLUS Medicaid managed care program. The bill requires HHSC to design the evaluation in a manner that compares similar recipient types between the programs and accounts for geographic differences and recipient acuity. The bill requires the evaluation to include an assessment of future cost implications if HHSC fails to establish a reimbursement methodology under the PACE program in accordance with the bill's provisions. The bill requires HHSC to compile a report on the findings of the evaluation and, not later than December 1, 2016, to submit the report to the Legislative Budget Board and the governor. The bill's provisions relating to the evaluation and report expire September 1, 2017.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.