

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 4, 2015

TO: Honorable Richard Peña Raymond, Chair, House Committee on Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3823 by Price (Relating to rate-setting and data collection processes under the program of all-inclusive care for the elderly.), **As Introduced**

No significant fiscal implication to the State is anticipated associated with the analysis and reporting requirements of the bill.

The fiscal implications of the bill that may occur as a result of new rates for the Program of All Inclusive Care for the Elderly cannot be determined at this time because it is unknown whether they would be higher or lower than current rates, and by what amount.

This bill would implement recommendations in the report "Improve Rate Setting and Data to Allow Comparison of PACE to STAR+PLUS" in the Legislative Budget Board's Government Effectiveness and Efficiency Report submitted to the Eighty-fourth Texas Legislature, 2015.

The bill would modify the process for setting reimbursement rates for the Program of All Inclusive Care for the Elderly (PACE) to ensure that reimbursements are adequate to sustain the program, that reimbursements do not exceed reasonable and necessary costs to operate the program, and that the PACE program is cost neutral when compared to the cost to serve a comparable population in STAR+PLUS. The cost to serve a comparable population in STAR+PLUS would include both Medicaid capitation rates and fee-for-service costs for services not covered by the capitation payment. The bill directs the Health and Human Services Commission (HHSC) to consider collecting historical cost and utilization data from PACE providers.

The bill would direct HHSC and the Department of Aging and Disability Services (DADS) to modify data collection methods for PACE and STAR+PLUS to allow for a comparison of client outcomes across these models.

The bill would also direct HHSC and DADS to evaluate costs and client outcomes in PACE and STAR+PLUS and submit a report to the Legislative Budget Board and the Office of the Governor by December 1, 2016. The evaluation would need to compare similar recipient types between the programs and account for geographic differences and recipient acuity. If HHSC cannot set reimbursement rates in accordance with the above requirements, the report would also include an assessment of future cost implications to the state for the PACE program.

It is assumed that any costs resulting from duties and responsibilities associated with modifying the rate setting methodology and conducting the evaluation could be accomplished within existing agency resources. However, the fiscal impact of any potential changes in PACE rates cannot be determined at this time because it is unknown whether new rates would be higher or

lower than current PACE rates, and by what amount.

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: UP, NB, JJ, JQ