



To: Public Health and Human Services Appropriations Subcommittee
From: Anne Gonzalez
Director, Billings Clinic PACE
Date: January 25, 2007
Subject: Testimony in Support for Continued Funding for PACE

Mr. Chairman, members of the committee, my name is Anne Gonzalez and I am the Director of the Billings Clinic PACE program. I am testifying today to request that funding for the PACE program be re-instated in the Medicaid base budget.

In previous testimony, you have heard about PACE program design, payment methodology and the positive impact the program has had on PACE participants. I believe that over the past few days, you have received letters of support for continued funding of PACE. For your convenience, I have for each of you copies of these letters of support, national articles on PACE and my written testimony.

In the interest of time, I will focus my comments on the following:

- Overview of PACE Performance
- Partnership with VA Montana Health System
- The benefits of PACE to Montana Medicaid

Since opening in 2008, Billings Clinic PACE has served over 80 participants. The program currently serves 52 participants and we expect enrollment to grow to 70 within the year. Billings Clinic PACE has achieved excellent results from the two annual monitoring audits performed by DPHHS Senior and Long Term Care staff and CMS central office and regional office staff. Participant and family satisfaction with the program has been excellent.

As part of the rural PACE demonstration grant Billings Clinic operated a rural spoke PACE program in Livingston. The Livingston site was projected to have a maximum enrollment of 30 participants; however, the total census only reached a high of 10 participants after two years of operation. A major barrier to the success of that site was achieving adequate enrollment. This was due in large part the strict Medicaid eligibility requirement in Montana. After careful consideration, a decision was made to close the Livingston site effective January 1, 2011

Despite closure of the rural PACE site in Livingston, the Billings site has continued to grow and has proven to be successful and financially sustainable. Billings Clinic is very supportive of the PACE program and sees it as an integral part of its accountable care organization strategy for improving care and cost effectiveness when caring for a frail elderly population.

In 2010, Billings Clinic PACE was selected as one of seven PACE programs in the nation to partner with the Veteran's Administration to provide PACE services to eligible Veterans. Veteran participants must meet the same eligibility criteria as all PACE participants. In place of a Medicaid payment the VA pays PACE a fixed or capitated payment for services provided to Veterans. No Medicaid funds are used to pay for Veteran PACE participants.

Montana has extremely limited community based services to meet the needs of frail elderly Veterans and PACE has provided a welcome alternative to nursing home placement for this population. In addition to community based support and primary medical services, PACE Veterans also receive specialty care, eye care and dental care that they are not otherwise entitled to under VA medical coverage. In VA/PACE, care and services are provided in the Veteran's home community relieving them and their families of the burden of traveling hundreds of miles to receive care.

Since July, Billings Clinic PACE has served 27 Veterans and is the largest provider of PACE services to Veterans in the nation. The Montana VA Healthcare System has plans to enroll 45 additional Veterans in the Billings Clinic PACE program over the next year. Veteran and caregiver satisfaction with the program has been overwhelmingly positive and the program is highly regarded by VA medical system staff. Because PACE operates under a 3-way contractual arrangement between Billings Clinic, the state (DPHHS) and the federal government (CMS), if PACE funding is eliminated, it not only eliminates this program for Medicare and Medicaid eligible individuals, but it also will eliminate the program for Montana Veterans.

We understand that the state is exploring managed care options for frail elderly Montanans. PACE is a proven model which other states have used as a laboratory for learning in preparation for launching other managed care initiatives. In many cases, PACE may be a states' first experience with managed care for a dual eligible population. PACE offers an opportunity to tackle many of the issues that states face in developing public managed care programs.

Nationally, the PACE model has demonstrated success in caring for a nursing home certified population on a capitated budget. PACE has the longest and most extensive history of any model in managing total care for the frail elderly while operating on a fixed budget. PACE enhances Montana Medicaid's ability to predict costs for a long-term care population. Because PACE assumes full financial risk for all services, including all medical, wrap-around and nursing home care, PACE offers Montana Medicaid greater predictability in terms of Medicaid long-term care expenditures and insurance against higher costs associated with nursing home placement. Once an individual enrolls in the PACE, the financial risk related to all care and nursing home placement is borne by PACE, not the State.

It is our belief that PACE is a valuable program not only to frail, elderly Montanans but also to Montana Medicaid in achieving its goal of providing high quality care while controlling cost.

Thank you for the opportunity to provide this testimony. If you need further information, please feel free to contact me at (406) 247-6320 or at agonzalez@billingsclinic.org.