AGENDA

1. Welcome

2. State budget and legislative update (15 minutes)

3. PACE rate setting update (20 minutes)

4. DHCS and CMS guidance and initiatives (15 minutes)
   • DHCS PACE Policy Letter 17-03 on PACE application process & work on DPH licensing issues

5. Upcoming meetings and events (5 minutes)

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Place</th>
<th>Time</th>
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</thead>
<tbody>
<tr>
<td>03.13.2018</td>
<td>Member Meeting</td>
<td>Capitol Event Center 1020 11th Street, Sacramento, CA 95814</td>
<td>8:30am-12:00pm</td>
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<tr>
<td>03.13.2018</td>
<td>Combined DHCS CMS Meeting</td>
<td>Capitol Event Center 1020 11th Street, Sacramento, CA 95814</td>
<td>12:00pm-3:00pm</td>
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<tr>
<td>03.13.2018</td>
<td>Board Meeting</td>
<td>Capitol Event Center 1020 11th Street, Sacramento, CA 95814</td>
<td>3:00pm-4:30pm</td>
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<tr>
<td>03.13.2018</td>
<td>Member Dinner</td>
<td>Zocalo, 1801 Capitol Avenue, Sacramento, CA 95814 in the “Morelia” room</td>
<td>5:30pm-7:30pm</td>
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<tr>
<td>03.14.2018</td>
<td>CalPACE Day in the Capitol</td>
<td>Legislator of the Year Award</td>
<td>Clear Advocacy</td>
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<tr>
<td>03.19.2018</td>
<td>NPA Spring Policy Forum</td>
<td>Omni Shoreham, 2500 Calvert St., NW, Washington, DC 20008</td>
<td>8:00am-5:00pm</td>
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<tr>
<td>03.20.2018</td>
<td>Capitol Hill Visits</td>
<td>Omni Shoreham</td>
<td>Capitol Hill</td>
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<tr>
<td>03.20.2018</td>
<td>Member Dinner</td>
<td>Lebanese Taverna</td>
<td>5:30pm-7:45pm</td>
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6. Other business

7. Adjourn

Attachments

• CalPACE fact sheet and letters -- PACE application process budget proposal
• CalPACE letters to the budget subcommittee chairs (Pan and Arambula)
Proposal
Adopt budget trailer bill language to allow new PACE programs and expansions to start-up on a monthly basis, following receipt of state and federal regulatory approvals.

Background
The Program of All-inclusive Care for the Elderly (PACE) has operated as a Medi-Cal benefit since 2003 as a capitated, comprehensive care program for adults and seniors over age 55 with higher needs who qualify for nursing home placement but who wish to remain in the community. Medi-Cal beneficiaries enroll in PACE in lieu of receiving Medi-Cal services on a fee-for-service basis or through a managed care plan.

Developing a new PACE program, or expanding an existing program into a new service area or county, requires a complex development and regulatory review process, and the investment of significant resources on the part of the applying organization. The steps include purchasing or leasing land and buildings; obtaining local building permits and approvals; obtaining clinic, ADHC, and home health agency licenses from the CA Department of Public Health (DPH) or exemptions; completing a state readiness review, which is conducted by the Department of Health Care Services (DHCS); and waiting an additional 90 days for review and final approval by the Centers for Medicare and Medicaid Services (CMS). The usual length of time required to develop a new PACE program or expand an existing program is one to two years. The investment in facilities and salaries required to obtain approval to operate a PACE program can run into the millions of dollars.

Since the inception of the PACE program in the 1980s, PACE programs have been allowed to begin operations on the first of the month following the receipt of state and federal regulatory approvals. However, DHCS guidance adopted in October 2017 limits new PACE program start-ups and expansions to two days per year, January 1 and July 1. Due to uncertainties in the amount of time it takes to complete the application process, particularly frequent delays in the amount of time necessary to receive applicable facility licenses, it is virtually impossible for PACE organizations to align their applications with specific start-up dates. If PACE programs miss an applicable start-up date, they must wait for the next available date, which can result in up to a six-month delay, forcing them to incur substantial losses before they can begin operating and generating revenue, and delaying communities who need the services PACE provides from receiving them.

Arguments in Support
Allowing new PACE programs and expansions to start up on a monthly basis, once applicable approvals are obtained, will ensure that PACE can continue to expand and provide frail elderly participants with PACE services in a timely way in areas of California that need the services that PACE provides.

At the point of start-up, PACE programs typically have invested several million dollars in facilities and staffing and are incurring several hundred thousand dollars per month in ongoing operating and staffing costs. Allowing PACE programs and expansions to start-up on a monthly basis will enable the programs to be financially viable and to recoup these investments in a timely way.

Sponsor of Proposal: CalPACE

Proposed Budget Trailer Bill Language
Add a new subdivision (f) to Welfare and Institutions Code Section 14593, to read:

A new PACE program, or the expansion of an existing PACE program into a new service area or county, shall be allowed to commence operations in the month following its receipt of state and federal regulatory approvals.
February 22, 2018

Assemblymember Dr. Joaquin Arambula  
Chair, Budget Subcommittee #1 on Health and Human Services  
State Capitol, Room 2160  
Sacramento, CA 95814

RE: PACE application process budget trailer bill proposal

Dear Assemblymember Arambula:

CalPACE, the state association of Programs of All-inclusive Care for the Elderly, requests budget trailer bill language to build on recent budgetary actions to provide additional flexibility for the PACE model by allowing PACE programs and expansions to start-up on a monthly basis, following receipt of applicable state and federal regulatory approvals.

The Program of All-inclusive Care for the Elderly (PACE) has operated as a Medi-Cal benefit since 2003 as a capitated, comprehensive care program for adults and seniors over age 55 with higher needs who qualify for nursing home placement but who wish to remain in the community. Medi-Cal beneficiaries enroll in PACE in lieu of receiving Medi-Cal services on a fee-for-service basis or through a managed care plan.

Developing a new PACE program, or expanding an existing program into a new service area or county, requires a complex development and regulatory review process, and the investment of significant resources on the part of the applying organization. The usual length of time required to develop a new PACE program or expand an existing program is one to two years. The investment in facilities and salaries required to obtain approval to operate a PACE program can run into the millions of dollars.

Since the inception of the PACE program in the 1980s, PACE programs have been allowed to begin operations on the first of the month following the receipt of state and federal regulatory approvals. However, DHCS guidance adopted in October 2017 limits new PACE program start-ups and expansions to two days per year, January 1 and July 1. Due to uncertainties in the amount of time it takes to complete the application process, it is virtually impossible for PACE organizations to align their applications with these start-up dates. Absent changes to this policy, PACE programs who miss these dates will have to incur up to a six-month delay in operations, forcing them to incur substantial losses before they can begin operating, and delaying communities who need the services that PACE provides from receiving them.

Allowing new PACE programs and expansions to continue to start up on a monthly basis, once applicable approvals are obtained, will ensure that PACE can remain financially viable, and enable the program to continue to expand in California and provide the cost-effective services for frail elders for which it is known.

For these reasons, we urge your support of this budget proposal. We would be happy to meet with you or your staff to address any questions you may have.

Sincerely,

Linda Trowbridge

CalPACE Chair and CEO, Center for Elders’ Independence

cc: Members, Assembly Budget Subcommittee #1 on Health and Human Services  
Andrea Margolis, Assembly Budget Subcommittee #1 staff
February 22, 2018

Senator Richard Pan
Chair, Budget Subcommittee #3 on Health and Human Services
State Capitol, Room 5114
Sacramento, CA  95814

RE:  PACE application process budget trailer bill proposal

Dear Senator Pan:

CalPACE, the state association of Programs of All-inclusive Care for the Elderly, requests budget trailer bill language to build on recent budgetary actions to provide additional flexibility for the PACE model by allowing PACE programs and expansions to start-up on a monthly basis, following receipt of applicable state and federal regulatory approvals.

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For these reasons, we urge your support of this budget proposal. We would be happy to meet with you or your staff to address any questions you may have.

Sincerely,

Linda Trowbridge
CalPACE Chair and CEO, Center for Elders’ Independence

cc:  Members, Senate Budget Subcommittee #3 on Health and Human Services
Scott Ogus, Senate Budget Subcommittee #3 staff