Board of Directors Meeting
Via Conference Call
May 13, 2019 | 2:00 pm – 3:00 pm
Conference Line (267) 930-4000 | Participant Code 177-134-261

AGENDA

1. Welcome
2. Approval of minutes from March 22, 2019 board meeting – discussion and action item
3. CalOptima designation of Elizabeth Lee as board representative – discussion and action item
4. Rate methodology proposal – discussion and action item
5. PACE licensing transfer proposal and workgroup – discussion and action item
6. Appointment of board member to Executive Committee – discussion and action item
7. Strategic planning update – discussion item
8. Other business
9. Adjourn

Attachments
A. Draft minutes of March 22, 2019 board meeting
B. CalOptima letter designating Elizabeth Lee as board representative
C. Rate methodology proposal revisions and memo from Fred Main
D. AB 1128 – Transfer of PACE licensing from DPH to DHCS – bill text
E. Executive Committee charter
F. Post-retreat strategic planning meeting summary notes

Board Members
• AltaMed PACE, Maria Zamora
• Brandman Centers for Senior Care Arnold Possick
• CalOptima, vacancy
• Center for Elders’ Independence, Linda Trowbridge
• Fresno PACE, Patricia Sandoval
• On Lok Lifeways, Eileen Kunz
• Redwood Coast PACE, Joyce Hayes
• San Diego PACE, Kevin Mattson
• St. Paul’s PACE, Cheryl Wilson
• Stockton PACE, Elizabeth Carty
• Sutter SeniorCare PACE, Pamela Ansley
Minutes of CalPACE Board Meeting
March 22, 2019
Conference Call

Attendees

Board Members:
- Eileen Kunz, On Lok Lifeways
- Joyce Hayes, Redwood Coast PACE
- Kevin Mattson, San Diego ACE
- Linda Trowbridge, Center for Elders’ Independence
- Maria Zamora, AltaMed PACE
- Pamela Ansley, Sutter SeniorCare PACE
- Patricia Sandoval, Fresno PACE

CalPACE Staff:
- Peter Hansel, Chief Executive Officer
- Jennifer Blankenship, Senior Director of Operations
- Fred Main, CalPACE Counsel
- Bing Isenberg, Center for Elders’ Independence

Guests:
- Elizabeth Lee, CalOptima PACE
- Maria Lozzano, InnovAge
- Rachael Rhodes, Optumas
- Peter Fitzgerald, National PACE Association
- Steve Schramm, Optumas

Board members absent:
- Arif Shaikh, CalOptima PACE
- Arnold Possick, Brandman Centers for Senior Care
- Cheryl Wilson, St. Paul’s PACE
- Elizabeth Carty, Stockton PACE

Note: These minutes are confidential and privileged and should not be circulated outside of the CalPACE Board.

Board Chair Linda Trowbridge welcomed members and convened the meeting at 10:05 am.

Decisions

- Minutes of previous meeting. Minutes of the February 26 meeting were approved (Zamora/Mattson)

- Rate methodology proposal and fiscal estimates. Steve Schramm, Managing Partner with Optumas and Rachael Rhodes with Optumas provided an overview of the fiscal estimates Optumas has prepared on the elements of CalPACEs proposed rate methodology changes. The estimates are derived from data from 7 of the 11 member programs and account for about 2/3 of total PACE expenditures. Board members asked several clarifying questions. Mr. Schramm and Ms. Rhodes clarified that the 2 percent additional administrative cost add-on would not raise the upper administrative cost limit that Mercer has established. Establishing a floor of 90 percent of the amount that would otherwise be paid (AWOP) would add a larger amount to the rates; Mr. Schramm recommended that PACE organizations should emphasize what they would do with the additional revenues from this change. There was discussion of whether CalPACE should propose a specific percentage add on to administrative costs for capital costs, or add a line to the rate development.
There was consensus to convene PACE CFOs to discuss and make recommendations on this element of the methodology.

- Positions on bills. Fred Main, CalPACE counsel and advocate, summarized 12 bills that staff are recommending that CalPACE support. The bills include proposals to increase Medi-Cal eligibility for aged and disabled persons, offer additional clinic licensing flexibility, implement aspects of a new master plan on aging, increase SSI/SSP payments, phase in a new LTSS financing program, and streamline training requirements for CNAs. After brief discussion, a motion to approve support positions on the bills was adopted (Kunz/Sandoval).

- Appointment of board member to Executive Committee. Board chair Linda Trowbridge explained that the charter for the CalPACE Executive Committee that the board adopted in August 2018 requires the appointment of a board member in addition to the officers who are committee members. Ms. Trowbridge recommended that Arif Shaikh, Director of Public Policy and Government Affairs at CalOptima, be appointed. It was noted that Mr. Shaikh currently serves on the Governance Committee, making him a good addition. A motion to appoint him to the Executive Committee was adopted (Kunz/Hayes).

Discussion

- Peter Fitzgerald, NPA VP, provided an overview and update on the West Coast PACE 2.0 Learning Collaborative initiative. Mr. Fitzgerald reviewed the growth aims and drivers for the initiative and activities to date, which is in its second action period, which involves development and completion of tests, data analysis, and accelerated testing. Total and monthly enrollment numbers increased to a level consistent with the growth aims at the start of the collaborative, but that was followed by several months of being below targeted levels. Mr. Fitzgerald outlined several things board members, as PACE 2.0 champions, can do to help move net enrollment up to the level consistent with the growth aims, including expanding membership of the action teams and clarifying members’ roles and supporting the growth initiative by tracking the performance data, holding regular meetings with teams, supporting rapid PDSA testing, ensuring adequate project management for the initiative and attending future learning sessions. Ms. Trowbridge noted additional things CEI is doing to increase the number of PDSA tests, and noted that most PACE organizations experience a seasonal enrollment decline in the winter months which has probably affected the net enrollment numbers.

Adjourned at 11:05 am.

Respectfully submitted,

Eileen Kunz, Secretary

Prepared by: Peter Hansel, Chief Executive Officer
Jennifer Blankenship, Senior Director of Operations
April 8, 2019

Peter Hansel
Chief Executive Officer
CalPACE
1315 I Street, Suite 100
Sacramento, CA 95814

*Sent via E-Mail to phansel@calpace.org*

Dear Mr. Hansel:

With mixed emotions, I would like to share the news that Arif Shaikh is leaving CalOptima effective April 12, 2019. With Arif’s transition, I would like to appoint Elizabeth Lee as CalOptima’s representative on the CalPACE Board of Directors. As you are aware, Elizabeth has been actively engaged with CalPACE for several years, and I believe she will be a great addition to your Board.

Thank you for all the work that CalPACE does on behalf of our PACE program.

Sincerely,

Michael Schrader
Chief Executive Officer

Cc: Elizabeth Lee, Director, CalOptima PACE
    David Ramirez, M.D., Chief Medical Officer, CalOptima
To: CalPACE Board  
From: Fred Main  
Subject: PACE Rate Trailer Bill Language

CalPACE representatives met with senior members of DHCS regarding the CalPACE rate setting trailer bill language. DHCS believes that many things in the proposal are a challenge. They remain open to modifications of how they establish rates for new PACE organizations, defined as either new entities or existing entities starting PACE in a new county. However, specific percentage add-ons to non-medical loading are a problem. Requiring rates to be reasonable, appropriate and attainable is what they already do. DHCS stated that they have been generous on allowances for administration and in calculation of AWOP. If they go back to an AWOP linked rate or floor, it would not be as generous. And would oppose any move away from experienced based rate setting.

DHCS specifically stated they do not intend to move all POs to the lower bound for administration and profits and are willing to take into account each POs unique needs in establishing those. Nothing requires DHCS to move to the lower bound. They need to be able to encourage efficiency.

They generally think they have flexibility to accomplish what we are seeking and have a concern about legislating actuarial judgment. They can make adjustments for new POs by adjusting the base data and don’t need legislation. POs cost experience should reflect what they are spending on complying with managed care reporting requirements and the trending factors should pick that up, so additional add-on is not necessary.
Based on these comments we have redrafted our proposal. The first amendment in Section 14301.1(n)(2)(B) would leave the proposed language on actuarial rate principals and application for all “reasonable, appropriate, and attainable costs for each PACE organization...” but removes the reference to specific types of costs. (language in red)

Section 14301.1(n)(2)(C) removes the specific percentage add on for administration in the first three years of the application of the methodology. DHCS will not support a specific percentage add on. (language in red)

Section 14301.1(n)(8) removes the 90% AWOP floor. DHCS will oppose a AWOP floor. (language in red)

Section 14301.1(n)(9) removes the current three-year limit on the authority of DHCS to calculate rates to mitigate impact to a PACE organization. (language in red)

Section 14301.1(n)(10) removes the AWOP floor for new program rates but authorizes specific consideration of the lower enrollment and higher operating costs of new programs. (language in red and black italics)
PACE Modernization Act Amendments – PACE Rate Methodology

Amend Welfare and Institutions Code Section 14301.1 (n), to read:

(n) (1) The department shall develop and pay capitation rates to entities contracted pursuant to Chapter 8.75 (commencing with Section 14591), using actuarial methods and in a manner consistent with this section, except as provided in this subdivision.

(2) [A] The department may develop capitation rates using a standardized rate methodology across managed care plan models for comparable populations. The specific rate methodology applied to PACE organizations shall address features of PACE that distinguishes it from other managed care plan models.

(B) The rate methodology shall be consistent with actuarial rate development principles and shall provide for all reasonable, appropriate, and attainable costs for each PACE organization within each region. The rate methodology shall explicitly recognize and provide specific funding percentages in the non-medical load rating component to cover capital costs sufficient to allow PACE organizations to operate and update facilities, and for risk and contingency to recognize the inherent volatility and fewer enrollees over which to spread risk compared to other managed care models.

(C) For the first three years of the application of the rate methodology under this subdivision, as amended by this statute, the department shall add two percent to each PACE organization’s allowable administrative expenditure percentage to enable them to meet the administrative standards applied to other managed care models.

(3) The department may develop statewide rates and apply geographic adjustments, using available data sources deemed appropriate by the department. Consistent with actuarial methods, the primary source of data used to develop rates for each PACE organization shall be its Medi-Cal cost and utilization data or other data sources as deemed necessary by the department.

(4) Rates developed pursuant to this subdivision shall reflect the level of care associated with the specific populations served under the contract.

(5) The rate methodology developed pursuant to this subdivision shall contain a mechanism to account for the costs of high-cost drugs and treatments.

(6) Rates developed pursuant to this subdivision shall be actuarially certified prior to implementation.

(7) The department shall consult with those entities contracted pursuant to Chapter 8.75 (commencing with Section 14591) in developing a rate methodology according to this subdivision.

(8) Consistent with the requirements of federal law, the department shall calculate an upper payment limit for payments to PACE organizations. In calculating the upper payment limit, the department shall correct the applicable data as necessary and shall consider the risk of nursing home placement for the comparable population when estimating the level of care and risk of PACE participants. Notwithstanding (n)(2)(B), rates paid to PACE organizations shall be no less than 90 percent of the upper payment limit or amount that would otherwise be paid (AWOP) by the department. The detailed development of the department’s calculation shall be disclosed to each PACE organization.
conjunction with its proposed rates and shall include the base data and any adjustments in sufficient
detail to demonstrate how the amount that would otherwise be paid was calculated.

(9) During the first three rate years in which the methodology developed pursuant to this subdivision is
used by the department to set rates for entities contracted pursuant to Chapter 8.75 (commencing with
Section 14591), the department shall pay the entity at a rate within the certified actuarially sound rate
range developed with respect to that entity, to the extent consistent with federal requirements and
subject to paragraph (11), as necessary to mitigate the impact to the entity during the transition to the
methodology developed pursuant to this subdivision.

(10) During the first two years in which a new PACE organization or existing PACE organization enters a
previously unserved area, the department shall pay at a rate within the certified actuarially sound rate
range developed with respect to that entity, to the extent consistent with federal requirements and
subject to paragraph (11). Notwithstanding (n)(2)(B) and (n)(3) for the first three years in which a new
PACE organization begins operations or an existing PACE organization enters a previously unserved area,
the rates shall be no less than 95 percent of the amount that would otherwise be paid (AWOP), to reflect
the lower enrollment and higher operating costs associated with new PACE organizations relative to
PACE organizations with higher enrollment and more experience providing managed care interventions
to their beneficiaries.

(11) This subdivision shall be implemented only to the extent that any necessary federal approvals are
obtained and federal financial participation is available.

(12) This subdivision shall apply for rates implemented no earlier than January 1, 2017.
An act to add Sections 1221.18, 1221.18, 1575.5, and 1734.6 to the Health and Safety Code, and to amend Section 14592 of the Welfare and Institutions Code, relating to the elderly.

LEGISLATIVE COUNSEL’S DIGEST

AB 1128, as amended, Petrie-Norris. Program of All-Inclusive Care for the Elderly.

Existing federal law establishes the Program of All-Inclusive Care for the Elderly (PACE), which provides specified services for older individuals at a PACE center, defined, in part, as a facility that includes a primary care clinic, so that they may continue living in the community. Federal law authorizes states to implement the PACE program as a Medicaid state option.

Existing state law establishes the California Program of All-Inclusive Care for the Elderly (PACE program), to provide community-based, risk-based, and capitated long-term care services as optional services under the state’s Medi-Cal State Plan, as specified. Existing law authorizes the State Department of Health Care Services to enter into contracts with various entities for the purpose of implementing the PACE program and fully implementing the single state agency responsibilities assumed by the department in those contracts, as specified.
Existing law establishes the State Department of Public Health and sets forth its powers and duties, including, but not limited to, duties relating to the licensing and regulation of various entities, including primary care clinics, adult day health care centers, and home health agencies.

This bill would require a PACE center to maintain a license both as a primary care clinic and an adult day health center, and to either maintain a license as a home health agency or contract with a licensed home health agency for the provision of home health services. The bill would require the State Department of Health Care Services, as the single state agency overseeing the PACE program, to license and regulate any primary care clinic, adult day health center, and home health agency that is related to a PACE center, thereby transferring these duties from the State Department of Public Health to the State Department of Health Care Services, and would authorize the State Department of Health Care Services to exempt certain PACE centers from these provisions.


The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The Program of All-Inclusive Care for the Elderly (PACE) is a national model of comprehensive care for California’s frail population 55 years of age and older who qualify for nursing home placement but wish to remain in the community.

(b) Research shows that PACE produces significant improvements for the beneficiaries it serves, including fewer hospitalizations, fewer nursing home admissions, higher quality of life, and greater rates of satisfaction with overall care.

(c) The PACE model achieves savings for the State of California. In 2017, the state paid $22,600,000 less than it would have if all current PACE participants were served outside of PACE.

(d) Currently, there are 12 PACE programs operating in 42 sites across California, serving almost over 8,000 seniors.

(e) PACE organizations are currently required to obtain licensing approvals or exemptions to operate clinics, adult day health centers, and, in some cases, home health agencies, from
the State Department of Public Health (DPH) in a lengthy process
that is separate from the extensive approval process administered
by the State Department of Health Care Services (DHCS).
(f) This bifurcated process can delay the rollout of new and
expanding PACE programs by months or even years.
(g) Therefore, it is the intent of the Legislature to shift
responsibility for PACE licensing from DPH to DHCS to remove
redundancy and duplication between the reviews by the two
departments, and expedite approval of new or expanding PACE
programs that will help more seniors access PACE while remaining
in their homes and communities.

SECTION 1.
SEC. 2. Section 1221.18 is added to the Health and Safety
Code, to read:
1221.18. Pursuant to subdivision (d) of Section 14592 of the
Welfare and Institutions Code, by January 1, 2021, the State
Department of Health Care Services, as the single state agency
overseeing the Program of All-Inclusive Care for the Elderly
(PACE), as described in Chapter 8.75 (commencing with Section
14591) of Part 3 of Division 9 of the Welfare and Institutions Code,
shall license and regulate any primary care clinic license that is
related to a PACE center, as defined in Section 460.6 of Title 42
of the Code of Federal Regulations.

SEC. 3.
SEC. 4. Section 1734.6 is added to the Health and Safety Code,
to read:
1734.6. Pursuant to subdivision (d) of Section 14592 of the
Welfare and Institutions Code, by January 1, 2021, the State
Department of Health Care Services, as the single state agency
overseeing the Program of All-Inclusive Care for the Elderly
(PACE), as described in Chapter 8.75 (commencing with Section
14591) of Part 3 of Division 9 of the Welfare and Institutions Code,
shall license and regulate any home health agency license that is
related to a PACE center, as defined in Section 460.6 of Title 42
of the Code of Federal Regulations.

SEC. 4.
SEC. 5. Section 14592 of the Welfare and Institutions Code is
amended to read:
14592. (a) For purposes of this chapter, “PACE organization”
means an entity as defined in Section 460.6 of Title 42 of the Code
of Federal Regulations.
(b) The director shall establish the California Program of
All-Inclusive Care for the Elderly (PACE program) to provide
community-based, risk-based, and capitated long-term care services
as optional services under the state’s Medi-Cal State Plan and
under contracts entered into between the federal Centers for
Medicare and Medicaid Services, the department, and PACE
organizations, meeting the requirements of the Balanced Budget
Act of 1997 (Public Law 105-33) and any other applicable law or
regulation.
(c) A PACE center, as defined in Section 460.6 of Title 42 of
the Code of Federal Regulations, shall maintain a license both as
a primary care clinic, as defined in paragraph (1) of subdivision
(b) of Section 1200 of the Health and Safety Code, and an adult
day health center, as defined in subdivision (b) of Section 1570.7
of the Health and Safety Code. Additionally, a PACE center shall
elect to either maintain a license as a home health agency, as
defined in subdivision (a) of Section 1727 of the Health and Safety
Code, or contract with a licensed home health agency for the
provision of home health services.
(d) (1) Notwithstanding any other law, including Division 2
(commencing with Section 1200) of the Health and Safety Code,
the department, as the single state agency overseeing the PACE
program, shall assume the duties of the State Department of Public
Health relating to the licensing and regulation of any primary care
clinic, as defined in paragraph (1) of subdivision (b) of Section
1200 of the Health and Safety Code, adult day health center, as
defined in subdivision (b) of Section 1570.7 of the Health and
Safety Code, and home health agency, as defined in subdivision (a) of Section 1727 of the Health and Safety Code, that is related to a PACE center, as defined in Section 460.6 of Title 42 of the Code of Federal Regulations.

(2) The transfer of these duties shall occur by a date collectively determined by the department, the State Department of Public Health, and PACE organizations, but no later than January 1, 2021.

(e) Consistent with Sections 1231.5, 1580.1, and 1734.5 of the Health and Safety Code, and in accordance with Section 100315 of the Health and Safety Code, the department may exempt a PACE center from subdivisions (c) and (d).

REVISIONS:

Heading—Line 2.

_____
CalPACE Executive Committee
Charter

Duties of Committee

Except as may be prohibited by law, the Executive Committee may act on behalf of the Board in its ordinary and routine transaction of business and such other matters as the Board may direct. A report of such transactions shall be made to the Board.

Unless otherwise directed by the Board, the Committee shall not act on behalf of the Board on matters of policy or association strategy, nor shall it act in lieu of the Board on matters concerning the election of officers, or in matters concerning the adoption of annual budgets and member dues levels.

Composition and Terms of Office

The Committee shall be comprised of all Board officers and one additional board director who is appointed by the board. Committee members shall serve one year terms that shall coincide with the terms of the Board officers.

Meetings

The Committee shall meet upon the call of the Chair. All meetings shall be duly noticed and minutes shall be recorded of all meetings.

Adopted by the CalPACE Board on August 7, 2018.
Post Retreat Strategic Planning Summary Notes
March 12, 2019

1. Summarized draft Painted Picture:
   - Reminder about PP being 5 years out and being aspirational
   - Reviewed key points of the Painted Picture

2. Reviewed desired 5 year Accomplishments:
   - Add: Recognized by state as the leader in cost, quality, and outcomes among similar LTSS programs
   - Add: Have agreed upon template for rate setting with allowance for capital costs
   - Move: Streamlined audits under core regulatory expertise services

3. Prioritization of Services Offered
   Discussed new proposed services (unbolded). Each individual identified their top three priorities. Results:
   1. Performance data/business intelligence tool
   2. Recruitment and Education - eg. CalPACE academy; leadership academy; QI training; Quality Symposium. Recruitment campaign. Not for all PACE staff, just select areas; on-line materials?
   3. Marketing materials that differentiate PACE from other options

4. Prioritization of New Initiatives/Projects
   Discussed new initiatives. Each individual identifies their top 2 priorities. Results:
   1. Explore developing an I-SNP/C-SNP (Current development of a CM product could be subsumed in C-SNP?)
   2. Launch a statewide client enrollment campaign on behalf of all members (leverage results of PACE 2.0)

Move under Core:
   Assume leadership role in state coalitions
   Streamline audit process with DHCS
5. What CalPACE capabilities/resources need to be strengthened or developed to achieve the revised Painted Picture?
   - I-SNF/C-SNP expertise
   - Business Intelligence Tool and/or Performance Improvement
   - Public relations expertise

6. What specific opportunities exist in the near term that will help us achieve the Painted Picture?
   - Create visibility with new state administration
   - Partnership with recruiting company
   - Search out RFPs for homelessness or other initiatives not specifically PACE initiatives
   - PACE 2.0 will accelerate growth opportunities

7. What partnerships/affiliations will help us achieve the Painted Picture?
   - Corporate sponsorship of education or research?
   - Chambers of Commerce (job creation)