

SENATE, No. 2051

STATE OF NEW JERSEY

INTRODUCED MAY 8, 1997

By Senators BASSANO and LIPMAN

1 AN ACT concerning PACE programs and supplementing Title 17B of  
2 the Revised Statutes.

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4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

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7 1. As used in this act:

8 "Medicaid" means the program established pursuant to P.L.1968,  
9 c.413 (C.30:4D-1 et seq.).

10 "Medicare" means the program established pursuant to Pub.L.89-97  
11 (42 U.S.C. §1395 et seq.).

12 "PACE" means the "Program for All-Inclusive Care for the  
13 Elderly," operated by either a public or private nonprofit community-  
14 based organization. The program is a comprehensive health and social  
15 services delivery system that integrates acute and long-term care  
16 services on a dually capitated, Medicare and Medicaid, prepaid  
17 contractual basis for disabled and frail elderly persons who have been  
18 certified as needing long-term care services, allowing these persons to  
19 remain in their community.

20 "Pre-PACE" means a PACE program in its initial start-up phase and  
21 includes the same comprehensive scope of services as a PACE  
22 program, but which contracts with the Medicaid program on a prepaid  
23 capitated basis for a more limited scope of services than in a PACE  
24 program and which receives payment on a fee-for-service basis for the  
25 balance of services provided by or through the program.

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27 2. An entity seeking to operate a Pre-PACE or a PACE program  
28 in the State under contract with the State Medicaid program shall  
29 apply to the Department of Banking and Insurance for a certificate of  
30 authority pursuant to this act and shall submit such information about  
31 the program and remit such application fees as shall be required by the  
32 Commissioner of Banking and Insurance, by regulation.

33 a. Following receipt of an application for a certificate of authority,  
34 the Commissioner of Banking and Insurance shall review it in  
35 consultation with the Commissioners of Health and Senior Services  
36 and Human Services and notify the applicant of any deficiencies  
37 contained therein within 30 days.

1       b. The Commissioner of Banking and Insurance shall determine  
2 whether the applicant is financially sound and may reasonably be  
3 expected to meet its obligations to program recipients. The  
4 commissioner may require the applicant, if he deems it necessary in  
5 order to ensure that the applicant will be able to meet its obligations  
6 to program recipients, to deposit with the commissioner, or with an  
7 entity or trustee acceptable to the commissioner through which a  
8 custodial or controlled account is utilized, cash, securities or any  
9 combination of these or other measures that is acceptable to the  
10 commissioner in an amount established by the commissioner.

11       c. The Commissioner of Banking and Insurance shall issue the  
12 certificate of authority within 30 days of the receipt of the application  
13 if he finds that the applicant meets the standards required by the  
14 Department of Banking and Insurance and the Departments of Health  
15 and Senior Services and Human Services pursuant to this act.

16       d. A Pre-PACE program which seeks to convert its certificate of  
17 authority to a PACE program shall notify the Commissioner of  
18 Banking and Insurance and shall meet such additional requirements  
19 applicable to a PACE program as established by the commissioner  
20 pursuant to this act.

21       e. A certificate of authority shall be valid for three years and may  
22 be renewed in accordance with regulations adopted by the  
23 Commissioner of Banking and Insurance.

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25       3. a. The Commissioner of Banking and Insurance, in consultation  
26 with the Commissioners of Health and Senior Services and Human  
27 Services, shall adopt regulations pursuant to the "Administrative  
28 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) regarding  
29 financial solvency of Pre-PACE and PACE programs.

30       b. The Commissioners of Health and Senior Services and Human  
31 Services, shall jointly adopt regulations pursuant to the  
32 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.)  
33 regarding relevant standards for Pre-PACE and PACE programs.

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35       4. This act shall take effect immediately.

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#### STATEMENT

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40       This bill authorizes the Commissioner of Banking and Insurance to  
41 issue a certificate of authority for PACE and Pre-PACE programs  
42 which may contract with the State Medicaid program.

43       PACE means the "Program for All-Inclusive Care for the Elderly,"  
44 operated by either a public or private nonprofit community-based  
45 organization. The program is a comprehensive health and social  
46 services delivery system that integrates acute and long-term care

1 services on a dually capitated, Medicare and Medicaid, prepaid  
2 contractual basis for disabled and frail elderly persons who have been  
3 certified as needing long-term care services, allowing these persons to  
4 remain in their community. "Pre-PACE" means a PACE program in  
5 its initial start-up phase and includes the same comprehensive scope of  
6 services as a PACE program, but which contracts with the Medicaid  
7 program on a prepaid capitated basis for a more limited scope of  
8 services than in a PACE program and which receives payment on a  
9 fee-for-service basis for the balance of services provided by or through  
10 the program.

11 The PACE program is currently a Medicare and Medicaid  
12 demonstration project of the federal Health Care Financing  
13 Administration in the Department of Health and Human Services,  
14 although it is anticipated that Congress will enact legislation this  
15 session to authorize Medicare reimbursement for PACE programs on  
16 a permanent basis. Until such time as federal legislation is adopted,  
17 PACE programs cannot be implemented in the State (there are no  
18 demonstration sites in the State); however, Pre-PACE programs,  
19 which do not contract with Medicare on a prepaid, capitated basis,  
20 but do contract with a state Medicaid program, can be established in  
21 the State, pending receipt of a certificate of authority under this bill.

22 The bill requires a Pre-PACE or a PACE program (when federal  
23 law so permits) to apply to the Commissioner of Banking and  
24 Insurance who shall review the application in consultation with the  
25 Commissioners of Health and Senior Services and Human Services and  
26 determine whether the applicant is financially sound and may  
27 reasonably be expected to meet its obligations to program recipients.  
28 The Commissioner of Banking and Insurance may, if he deems it  
29 necessary, require the applicant to deposit with the commissioner, or  
30 with an entity or trustee acceptable to the commissioner through which  
31 a custodial or controlled account is utilized, cash, securities or any  
32 combination of these or other measures that is acceptable to the  
33 commissioner in an amount established by the commissioner.

34 The Commissioner of Banking and Insurance shall issue the  
35 certificate of authority within 30 days of the receipt of the application  
36 if he finds that the applicant meets the standards required by the  
37 Department of Banking and Insurance and the Departments of Health  
38 and Senior Services and Human Services. The certificate of authority  
39 will be valid for three years and may be renewed thereafter.

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45 Authorizes Commissioner of Banking and Insurance to issue certificate  
of authority to PACE and Pre-PACE programs.