

SENATE HEALTH COMMITTEE

STATEMENT TO

SENATE, No. 2051

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 1997

The Senate Health Committee reports favorably Senate Bill No. 2051 with committee amendments.

As amended by committee, this bill provides that PACE and Pre-PACE programs may operate in the State only in accordance with a contract with the Department of Health and Senior Services, which is prepared in consultation with the Department of Human Services, and pursuant to the provisions of this bill.

PACE, the "Program for All-Inclusive Care for the Elderly," is a program operated by a public, private nonprofit or proprietary entity, as permitted by federal law. The program is a capitated, comprehensive health and social services delivery system that integrates acute and long-term care services to disabled and frail elderly persons who are certified by the State as nursing home eligible in order to maximize their autonomy and continued independence. Pre-PACE is a PACE program in its initial start-up phase and includes the same comprehensive scope of services as a PACE program; however, a Pre-PACE program may contract with the State to provide services to Medicaid-eligible persons on a capitated basis for a limited scope of the PACE service package, with the remaining services reimbursed directly to the service providers by the Medicaid and Medicare programs.

The bill requires a PACE or Pre-PACE program, at the time of entering into the initial contract with the Department of Health and Senior Services, and at each renewal thereof, to demonstrate reasonable cash reserves to cover expenses in the event of insolvency. Also, the bill requires a PACE or Pre-PACE program to provide full disclosure regarding the terms of enrollment and the option to disenroll at any time to all persons who seek to participate or are participants in the program. Finally, the bill specifies that a PACE or Pre-PACE program shall not be subject to the requirements of the "Health Maintenance Organizations Act," P.L.1973, c.337 (C.26:2J-1 et seq.).

The PACE program is currently a Medicare and Medicaid demonstration project of the federal Health Care Financing

Administration in the Department of Health and Human Services, although it is anticipated that Congress will enact legislation this session to authorize Medicare reimbursement for PACE programs on a permanent basis. Until such time as federal legislation is adopted, PACE programs cannot be implemented in the State (there are no demonstration sites in the State); however, Pre-PACE programs, which do not contract with Medicare on a prepaid, capitated basis, but do contract with a state Medicaid program, can be established in the State, pending State authorization under this bill.

The committee amended the bill to provide that PACE or Pre-PACE programs shall operate in the State only in accordance with a contract with the Department of Health and Senior Services, rather than require that the programs obtain a certificate of authority to operate from the Department of Banking and Insurance. Amendments revise the definition of PACE to also include proprietary entities, as permitted by federal law. Amendments specify the minimum amount of cash reserves the program must demonstrate in order to contract with or renew a contract with the Department of Health and Senior Services, require the programs to provide full disclosure to persons who seek to participate or who are participants in the program with respect to enrollment and the option to disenroll at any time, clarify the definitions of PACE and Pre-PACE programs, specify that PACE and Pre-PACE programs are not subject to the "Health Maintenance Organizations Act" and delete provisions providing for rule-making authority for the Departments of Banking and Insurance and Health and Senior Services with respect to the programs.