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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/19/07

SPONSOR Picraux LAST UPDATED 2/20/07 HB 1075

ALL-INCLUSIVE ELDERLY CARE

SHORT TITLE ENROLLMENT GROWTH SB \_\_\_\_\_

ANALYST Weber

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$500.0	Recurring	General

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB 997  
Relates to Appropriation in the General Appropriation Act

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	\$1,240.0		Recurring	Federal Medicaid

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Human Services Department (HSD)

Aging and Long Term Services Department (ALTSD)

### SUMMARY

#### Synopsis of Bill

House Bill 1075 appropriates \$500 thousand from the general fund to the Human Services Department for the purpose of expanding enrollment in the all inclusive care for the elderly

program in Albuquerque.

**FISCAL IMPLICATIONS**

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2008 shall revert to the general fund.

**SIGNIFICANT ISSUES**

ALTSD reports that the Program of All-inclusive Care for the Elderly (PACE) in New Mexico has one approved provider, Total Community Care (TCC). The PACE model was developed to address the needs of long-term care clients, providers and payers. The program features a comprehensive service delivery system and integrated Medicare and Medicaid financing. The PACE provider receives monthly Medicare and Medicaid capitation payments for each eligible enrollee. The PACE provider assumes full financial risk for participants' care without limits on amount, duration or scope of services.

The PACE program currently provides services to 309 participants. The Program is limited in its ability to grow to three (3) new enrollees per month as long as one (1) of the three (3) is a nursing home reintegration client. TCC has successfully re-introduced 23 nursing home residents into the community over a 25 month period. The monthly cost for a Medicaid eligible individual to be placed in a nursing home is \$4,098. If it becomes necessary for an individual who participates in the PACE program to be institutionalized, regardless of the length of stay, the PACE program assumes financial responsibility for the individual's placement and continues to receive the monthly Medicaid capitation rate of \$2,442.08. Due to Medicaid cost containment strategies, a waiting list is now maintained by TCC for those waiting to receive services from the PACE program. Twenty (20) individuals who were on this waiting list were institutionalized due to non receipt of medically necessary long term care services. The monthly institutional Medicaid cost for these 20 individuals is \$81,960 (\$4,098 monthly nursing home cost for 20 individuals), compared to the monthly PACE cost of \$48,840 (\$2,442.08 monthly PACE capitated rate for 20 individuals).

This appropriation allows the PACE program to increase the growth of the program from three (3) to six (6) enrollees per month. Enabling the enrollment to increase from three (3) to six (6) per month, allows the total enrollment to reach nearly 400 enrollees. A census of 400 is sufficient to expand to a second site. This would also allow the PACE program to reduce the current wait list of 140 applicants.

Total Community Care (TCC) is experiencing census growth in the Northwest Albuquerque area, the city of Rio Rancho, Bernalillo and Placitas. Currently, PACE has 82 existing enrollees residing in this area and approximately 44 individuals residing in these geographic locations are on the waiting list for PACE services. These geographic locations create difficulty in providing efficient transportation services due to the distance from the current site and the limited access across the Rio Grande River for those locations west of the river. The City of Rio Rancho is the fastest growing city in New Mexico. Rio Rancho Economic Development has projected the population in the year 2010 to be 81,793 residents. The new PACE site could potentially serve an additional 200+ participants. The new site would also be a more efficient and effective way to serve the participants who are currently residing in the Rio Rancho area who are being transported to the current site for services.