LeadingAge™ Wisconsin formerly WAHSA

April 13, 2012

To: Tom Lawless, Director, Bureau of Financial Management,
Division of Long-Term Care, Department of Health Services

From: John Sauer, President/CEO, LeadingAge Wisconsin

I am writing to offer LeadingAge Wisconsin's preliminary comments on the Department of Health Service's (DHS) proposed Virtual PACE demonstration project. As you know, our Association has long supported an integrated acute, primary and long-term care delivery system. Therefore, our members are very interested in testing various program and funding options which seek to more comprehensively coordinate care and services for older adults and persons with a disability.

In conversations with our members, concerns run deep regarding the current fiscal distress facing provider organizations, particularly in light of recent Medicare cuts and growing Medicaid deficits experienced by member nursing facilities. To that end, our comments and emerging position on the proposed Virtual PACE project are shaped by concerns as to how the pilot program will impact our nursing facilities' Medicare and Medicaid payments. To be clear, payment reductions would not be supported and would result in a direct assault on the quality of care and services available to skilled nursing care residents. Our hope is that the Virtual PACE demonstration project actually would result in enhanced payments to nursing facilities serving higher acuity residents.

The following provides a brief summary of issues LeadingAge Wisconsin would like to further discuss with your Department as you develop and refine the Virtual PACE pilots:

- If persons eligible for the Virtual PACE demonstration project are limited to dual eligible nursing home residents, we strongly argue that enrollment be restricted to nursing home residents who have resided in the facility ***for at least 100 days.*** The Virtual PACE project should not enroll short-term nursing home residents. In addition, LeadingAge Wisconsin seeks more information on whether and when assisted living residents might be able to participate in the pilot.

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- DHS should clarify if nursing home residents will be allowed to assertively opt out of the Virtual PACE program during the initial counseling phase leading to enrollment and how the "passive enrollment" provisions would be implemented. ICOs and their nursing home partners need a clear understanding of the enrollment process to be properly situated to assess the likely target population and project resident participation in the pilot.

- Nursing homes ***should not be required*** to participate in the Virtual PACE pilot or become a participating provider within an ICO's network. Presumably, an ICO will need to offer some sort of incentive for a nursing home to choose to join its network.

- If a nursing home successfully helps the ICO (and DHS/CMS) produce Medicare & Medicaid savings, will DHS require that these savings also be shared with that nursing facility? Will ICOs be free to pay nursing facilities a mutually agreed-upon rate, or, as in the case of Family Care, will DHS impose a nursing home maximum payment (i.e., Medicaid RUGs rate) to limit costs?

- How will the Aging and Disability Resource Centers (ADRC) access and provide counseling to nursing home residents and their families? Nursing home staff has little free time to explain this demonstration project to residents so we assume this responsibility will remain with the ADRC.

- Will ICOs be required to maintain reserve requirements and reimburse providers on a timely basis, as is the case under Family Care?

- Please explain how nursing home enrollee drug costs (including Medicare Part D benefits) will be managed and paid for and whether these costs will be rolled into the ICO's capitated rate.

In order to prepare our members for possible participation in the Virtual PACE pilots, LeadingAge Wisconsin is requesting nursing home data from the Department, including the following:

- The average monthly Medicaid and Medicare costs for long-term stay (>100 days) nursing facility residents (the one month cost data —December 2010— reported by DHS appears curiously low);
- The hospital readmission rates for each nursing home (2009-2011) and the percentage of hospital admissions that occur after a 100-day stay in the nursing facility; and
- The average Medicaid RUGs CMI for each nursing facility for long-stay (>100 days) residents compared to short-term residents.

I would ask that we meet in person to discuss the contents of this letter and our data request. Please contact me or Brian Schoeneck at your convenience so that we may schedule a meeting to discuss these issues in greater detail.

Thank you for soliciting our comments and being attentive to our concerns.