

***Financial Institutions &
Insurance Committee***

SSB 5235

Brief Description: *Outlining requirements for the operation of a PACE program in Washington state.*

Sponsors: *By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Prentice and Winsley).*

Brief Summary of Substitute Bill

- *Authorizes the creation of PACE programs.*
- *Requires the maintenance of specified minimum cash reserves.*
- *Exempts PACE programs from the financial solvency requirements applicable to other health care service contractors.*
- *Shifts regulatory authority to the Department of Social and Health Services.*

Hearing Date: *3/27/01*

Staff: *Thamas Osborn (786-7129).*

Background:

The Program of All-inclusive Care for the Elderly (PACE) is designed to provide an alternative to nursing home care. The PACE program offers a comprehensive package of services to older adults, including primary health care, rehabilitative services, social work, transportation, personal care, meals, and, if necessary, nursing home services. The purpose of the program is to allow the elderly to live independently, as members of the community, to the extent medically possible. The PACE program currently serves approximately 145 persons in Washington state.

As managed care Medicare/Medicaid programs, PACE programs are extensively regulated

by the federal government, and operate in Washington State under agreements with the Health Care Financing Administration and the Department of Social and Health Services.

In order to operate in Washington state as a health care service contractor, a PACE program is currently required to demonstrate that it has a net worth of at least \$3 million.

Summary of Substitute Bill:

PACE programs are specifically authorized by statute and are subject to regulation by the Department of Social and Health Services. A PACE program must maintain sufficient cash reserves to cover expenses in the event of an insolvency. The required minimum cash reserve is determined by a formula.

PACE programs are granted an exemption allowing them to operate in Washington state without meeting the financial solvency requirements applicable to other health care service contractors.

Appropriation: *None.*

Fiscal Note: *Not Requested.*

Effective Date: *This bill contains an emergency clause and takes effect immediately.*