



# Medicare: Today's Issue

February 10, 2004

## *BETTER BENEFITS – MORE CHOICES*

*Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!*

### Programs of All-Inclusive Care for the Elderly (PACE)

- ❖ Programs of All-Inclusive Care for the Elderly (PACE) provide a comprehensive package of community-based services to frail seniors under a capitated payment system.
- ❖ PACE is a permanent part of the Medicare program and is an optional service for state Medicaid plans. PACE programs only operate in states that have chosen this option.

### How will the new law impact PACE Programs and their participants?

- ❖ Under the new law, PACE participants eligible under both Medicare and Medicaid would qualify as “full benefit dual eligibles”. As full benefit dual eligibles, they would qualify for low-income subsidies of Part D premiums and cost sharing, but they would not be eligible for the prescription drug discount card.
- ❖ PACE programs may only provide Part D drug coverage to participants enrolled with their PACE programs. If they do, they will be treated in a similar manner to Medicare Advantage Prescription Drug (MA-PD) local plans.
- ❖ PACE programs enter into contracts with various types of providers, physicians, and other entities to furnish care to their participants. Sometimes, a PACE participant needs to use a non-contract provider, physician, or other entity. Prior to January 1, 2004, there was no limit on the amount that these non-contract entities could charge a PACE program, making it more difficult for the PACE program to operate within its capitation payments.
- ❖ Under section 236 of the new law, Medicare Advantage balance billing limits are extended to cover PACE programs. Medicare-participating providers, physicians, and other entities must accept these limits when furnishing Medicare-covered services to participants of a PACE program with which they

do not have a contract or other agreement establishing payment amounts. The law includes similar provisions for providers participating under a state Medicaid program. Such providers must accept payments of no more than those they would receive from Medicaid when furnishing services covered under Medicaid but not Medicare to participants of a PACE program with which they do not have a contract or other agreement establishing payment amounts. These provisions are effective for services furnished on or after January 1, 2004.

- ❖ As of November 1, 2003, seventeen states had PACE programs with over 7,000 enrollees. The states, including those with state approved PACE providers and with PACE activity, are Washington, Oregon, California, Colorado, New Mexico, Texas, Wisconsin, Michigan, Kansas, Missouri, Tennessee, Florida, Massachusetts, New York, Pennsylvania, Ohio, and South Carolina.