

# HOUSE BILL REPORT

## SSB 5235

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### As Reported by House Committee On:

Financial Institutions & Insurance

**Title:** An act relating to the PACE program.

**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 History:

#### Committee Activity:

Financial Institutions & Insurance: 3/27/01 [DP].

#### Brief Summary of Substitute Bill

- Authorizes the creation of the Program of All-inclusive Care for the Elderly (PACE).
- 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.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 12 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean, Cairnes, DeBolt, Keiser, Miloscia, Roach, Santos and Simpson.

**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.

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**Summary of Substitute Bill:**

The Program of All-inclusive Care for the Elderly (PACE) 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.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The bill should be passed insofar as it exempts PACE programs from unduly burdensome financial solvency requirements.

**Testimony Against:** None.

**Testified:** Vicki Austin, Providence.