

# SENATE BILL REPORT

## SSB 5235

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As Passed Senate, March 9, 2001

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

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

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

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 1/30/01, 2/1/01 [DPS].  
Passed Senate: 3/9/01, 49-0.

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

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**Majority Report:** That Substitute Senate Bill No. 5235 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Benton, Deccio, Fairley, Franklin, Hochstatter, Honeyford, Patterson, Rasmussen, Regala, West and Winsley.

**Staff:** Joanne Conrad (786-7472)

**Background:** A PACE Program is a program of all-inclusive care for the elderly. 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 Washington State, a PACE program serves approximately 145 people.

PACE programs are required to demonstrate that they have adequate cash reserves, in case of insolvency. The adequacy is determined by a formula. The programs provide full disclosure to enrollees.

The purpose of PACE programs is to provide a unified care setting that enables older and frail adults to remain in their homes and preserve their family units, to the extent medically possible. Concern exists that PACE programs may have difficulty sustaining the additional and redundant burden of state regulation under health care services contractor statutes. The reserve balance requirement of those statutes was not designed for entities such as PACE programs and may be cost-prohibitive to maintain.

**Summary of Bill:** Statutory definitions of PACE programs and their cash reserve and disclosure requirements are established. PACE programs are exempt from Title 48 of the Revised Code of Washington, the title that regulates insurance companies.

**Appropriation:** None.

**Fiscal Note:** Requested on January 23, 2001.

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

**Testimony For:** PACE programs need exemption from regulation by OIC, whose state oversight of this type of program was not intended by the statute. PACE programs are already heavily regulated by federal law. The bill language was worked out with OIC.

**Testimony Against:** None.

**Testified:** Vicki Austin, Providence Health System; Chuck Hawley, Providence Health System; Ellen Garcia, Exec. Dir., Elderplace, Providence Health System.