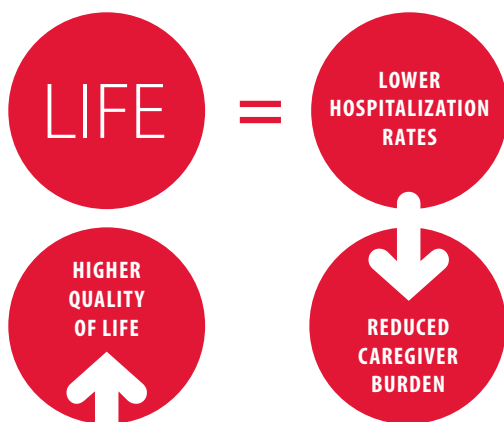


**\$20-22
MILLION**

INVESTMENT NEEDED IN FY 2025-26 STATE BUDGET TO BRING STABILITY AND SUSTAINABILITY TO PENNSYLVANIA'S INNOVATIVE LIFE MODEL

Improve Funding Stability and Equity for LIFE Providers

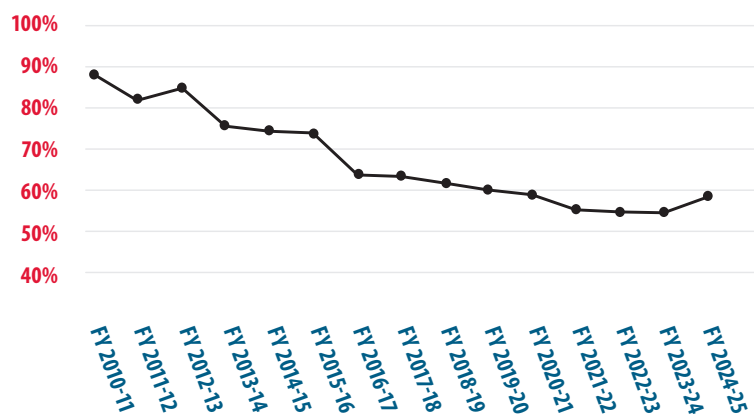
LeadingAge PA is advocating for Living Independence for the Elderly (LIFE) reimbursement rates to be set at a minimum of 63% of the Amount That Would Otherwise be Paid (AWOP) for similar individuals under the Community HealthChoices (CHC) managed care program. Establishing this required minimum threshold will **better position LIFE providers to serve more individuals in their community, keep up with rising costs, and continue to maintain significant savings to the state Medicaid program.**



Choosing Independence

LIFE, known nationally as the Program of All-Inclusive Care for the Elderly (PACE), is an alternative to CHC that enables older adults who are nursing-facility clinically eligible to remain in their own homes while having their physical, medical, social, and behavioral health needs met. The program's participants benefit from lower hospitalization rates, reduced caregiver burden, and a higher quality of life compared to alternative managed care models serving a similar population.

15 YEARS of Erosion of LIFE Rates as Percentage of the AWOP

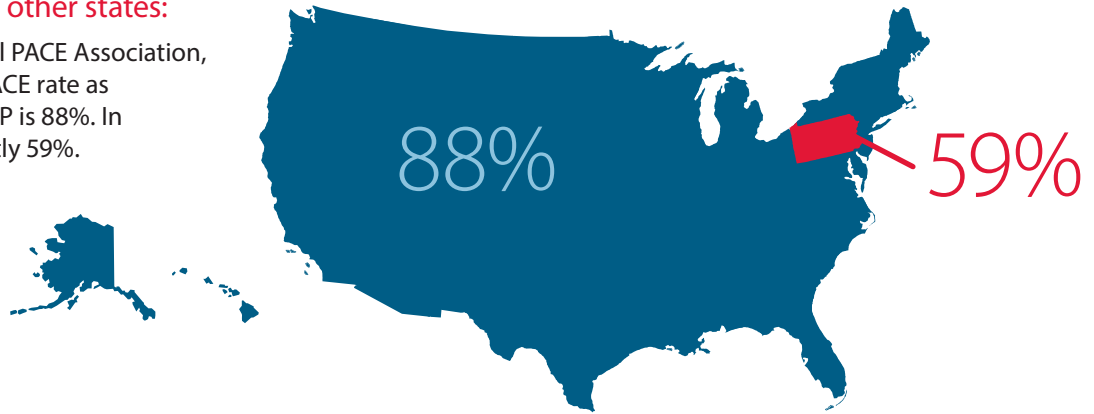


The AWOP, calculated annually, represents the monthly cost the state would have to pay in Medicaid funds for similarly situated individuals if they were enrolled in CHC instead of LIFE.*

- LIFE providers used to be paid **nearly 90% of the AWOP. Now, they are at just 58.7%** despite last year's needed investment.
- This drop is because costs and investments in CHC have increased substantially while **LIFE rates have remained largely stagnant.**
- LIFE is designed to provide quality care at a lower cost, however, the program **cannot sustain operation at a deficit of this magnitude** in the face of continuously increasing costs and workforce challenges.

We are falling behind other states:

According to the National PACE Association, the average estimated PACE rate as a percentage of the AWOP is 88%. In Pennsylvania, it is currently 59%.



OUR PROPOSAL

TIE LIFE RATES TO A MINIMUM PERCENTAGE OF THE AWOP



Setting a **minimum floor at 63%** would allow for a modest rate increase while establishing greater stability and maintaining a **guaranteed savings to the state** of more than 1/3 of what it would cost to care for these individuals if they were not enrolled in LIFE.

Based on past AWOP trends, we estimate that setting rates at 63% of AWOP would require an **approximate \$10-11 million investment** in the FY 2025-26 state budget (annualized to \$20-22 million).**

This investment would support the immediate needs of the LIFE program and will help ensure that LIFE rates in future years are better aligned with cost increases and investments made in the CHC program.

*The AWOP calculation also takes into account costs for things like behavioral health services and pharmacy costs, which LIFE must cover, whereas the CHC capitated rates do not pay for these services.

**We anticipate the FY 2025-26 AWOP calculation will be submitted by DHS for CMS approval in March. Once the updated AWOP is released, a precise dollar/threshold amount will be provided.