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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 95 LCM-130

Date: December 6, 1995

Division: Health and Long  
Term Care

TO: Local District Commissioners

SUBJECT: Information Concerning Development of Long Term Care Managed  
Care Capitation Programs.

ATTACHMENTS: NONE

In order for local districts to learn more about managed care for the long term care population, the Department has scheduled a session to be held on December 13, 1995 from 9:00 a.m. until 11:30 a.m. at the NYPWA December meeting. The purpose of the session is to present information on the development of managed long term care programs, in general, and, specifically, to discuss current managed long term care programs as well as new initiatives that are either planned or under consideration. In addition to those projects described below, the session will review the status of the Commonwealth Fund Project. Commonwealth Fund Project staff have completed the planning stage for the development of a program design which addresses capitation for community-based long term care recipients. The Department anticipates selecting several sites through a procurement process. As part of the NYPWA session, the Department has planned a panel discussion to address the local district's role in the planning and implementation of these programs. During the session staff will conduct local district focus groups to solicit feedback from districts with operational programs and those without.

There currently are three projects operating in New York State that fit the definition of managed long term care: the Social Health Maintenance Organization (S/HMO) in Brooklyn known as Elderplan; and two sites participating in the federal PACE demonstration, (Program for All-inclusive Care for the Elderly): Comprehensive Care Management in the Bronx, and Independent Living for Seniors in Rochester.

The SHMO is a health care model initiated under the Omnibus Budget Reconciliation Act of 1984, to test out an integration of acute and long term care. SHMOs pool premiums from Medicare, private insurance and some Medicaid to create a managed health care system. SHMOs provide all services which are reimbursable under Medicare, and, for members who meet nursing home criteria, community based long term care services including: personal care, skilled nursing and therapies, adult day care and certain supportive services.

The PACE program, a second federal demonstration established under OBRA 1986, is a model which provides comprehensive acute and long term care services to Medicare/Medicaid-eligible persons aged 55 and over, who are clinically eligible for nursing home-level care. The programs receive a dual monthly capitation fee from Medicare and Medicaid, with the provider assuming full risk after three years for all services. Persons once enrolled in the PACE program, unless they voluntarily dis-enroll, remain enrolled until death. Program statistics indicate that hospitalization has decreased by well over 50% subsequent to enrollment.

In addition to Elderplan and the two PACE projects, the Department is currently working on a number of other managed long term care initiatives:

| Medicaid-only PACE Replication: Chapter 597 of the Laws of 1994 has authorized an additional site following the PACE model, in Onondaga County. The Department is currently working with county social service officials and staff from the Loretto, a multi-level long term care program in Syracuse, to implement a third PACE site. Initially, in the absence of federal Medicare waivers, the project will be implemented as a Medicaid-only capitation, and the acute services will be billed to Medicare on a fee-for-service basis. It is anticipated that eventually Medicare capitation will also become available.

| The Eddy, a multi-level long term care program in Rensselaer County has also taken steps to develop a PACE replication project with multi-county sites, the first phase calling for a site in Schenectady County. They have conducted a feasibility study and are authorized by Chapter 81 of the Laws of 1995.

| Partial Capitation for Home Care Services: The Department is working with Rensselaer County DSS and The Eddy to develop a partial capitation model for home care. This model, which is currently being tested on a pre-capitation fee-for-service basis, is providing provider based case management for a group of Medicaid recipients in need of personal care, with the intent of moving to a capitated fee. The Department has begun discussions with Onondaga County DSS around a similar model.

| The Department is also working with the Community Coalition for Long Term Care of Monroe County to develop additional managed LTC models, known as Continuing Care Networks. Three provider networks are being developed under a grant from the Robert Wood Johnson Foundation, with the intent of providing both acute and long term care services to specified populations of older persons. The intent is to begin the demonstrations, under the statutory authority of Chapter 530 of the Laws of 1988, on a fee-for-service basis, and then move to capitation. The Department will be submitting an 1115 waiver request to HCFA for the Continuing Care Networks. A similar initiative, the Continuing Care Organization sponsored by Metropolitan Jewish Geriatric Center of Brooklyn, has received a planning grant from the Robert Wood Johnson Foundation.

| The Department is also participating with the Department of Health in a planning grant from the Commonwealth Fund, to develop six additional partial capitation Medicaid pilots for long term care clients living in the community. The goals of the project are to learn about the effects of capitation on this population, create opportunities to be innovative in service delivery and level of client control, as well as to provide services in a more cost effective manner. It is anticipated that the project will include an outside evaluation of the pilot programs funded by the Commonwealth Fund to determine the impact of capitation on the client's health status and level of program satisfaction as well as the fiscal impact on Medicaid expenditures.

The NYPWA December 13 session will provide an opportunity for interactive discussion on managed long term care. In an effort to focus the discussion on the issues of most concern to local districts, please call or fax any specific questions or issues you or your staff would like addressed by the panel to, Mary Ann Monaco at (518) 486-3516, user ID Oma040, or fax (518) 473-7189. Questions should be sent by December 11, 1995.

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Richard T. Cody  
Deputy Commissioner