



TESTIMONY OF

New York State PACE Alliance

On the

Governor's Proposed SFY 2027 Health and Medicaid Budget

Provided by

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Background on PACE:

My name is Luke Tobeler, and I am providing testimony on behalf of the New York State PACE Alliance (“PACE Alliance”). PACE (the Program of All-Inclusive Care for the Elderly) is a nationally recognized, cost-effective model that enables older adults who meet the State’s nursing home level of care to remain safely at home and out of institutional settings while receiving fully coordinated clinical and social support services.

PACE programs deploy a provider-sponsored, interdisciplinary team model of care that is fundamentally different from New York’s partially capitated managed long-term care plans. PACE fully integrates, coordinates, and pays for all Medicare- and Medicaid-covered services for eligible individuals, and directly provides health care and social support services at a PACE Center and in participants’ homes. Numerous credible studies report that PACE participants nationwide experience reduced hospitalizations and readmissions, while reporting high satisfaction with their care.

Every day, the State’s 10 PACE programs enable nearly 10,000 frail older New Yorkers to avoid nursing home admission and lead better, fuller lives while aging in their homes and communities.

Concern over the multi-year delay in implementing New York’s PACE bill:

In SFY 2022–23, the Legislature passed A.9542/S.8903 (the “PACE Bill”), which Governor Hochul signed into law on December 28, 2022. Consistent with federal requirements, the PACE Bill established a uniform authorization process for PACE in New York and integrates program requirements under Article 29-EE of the New York Public Health Law.

In 2022, the Legislature and Governor recognized the need for streamlining licensure and oversight of PACE; however, more than three years later, little progress has been made. While PACE programs already exist in New York State, the regulatory framework under which they continue to operate is outdated and counterproductive, requiring duplicative content but separate processes for approvals, standards, audits, and reporting between state and federal governments. New PACE programs must obtain licenses comparable to managed long-term care plans under Article 44 of the New York Public Health Law, clinics under Article 28, and licensed home care services agencies under Article 36. These often uncoordinated and burdensome requirements limit the efficient operation and expansion of PACE programs, as well as the benefits they can provide to New Yorkers.

The PACE Bill directs the Department of Health to develop implementing regulations for PACE under Article 29-EE, which have now been delayed for more than three years. The PACE Alliance continues to strongly support the Legislature’s intent to establish separate licensure and oversight of PACE organizations and urges the Legislature to press the Department of Health to finalize long-delayed Article 29-EE implementing regulations.

Issuing implementing regulations for the PACE Bill is a significant step forward in expanding access to high-quality, community-based care for frail older New Yorkers who are at risk of nursing home admission. This is particularly important at a time when the State needs effective

strategies to control Medicaid costs—while improving outcomes—for nursing home-eligible older adults, amid broader strain on the Medicaid budget.

PACE can support New York State’s efforts to achieve budget balance because it costs less than institutional care. Federal law requires that PACE payments remain below what the State would otherwise spend for a comparable population.

PACE is a cost-effective model of care in which PACE organizations assume full financial risk and provide all Medicare and Medicaid services for a fixed per-member, per-month payment. PACE can and should be a centerpiece of New York State’s efforts to address the problems that contribute to poor care and inadequate supports for people who need and qualify for nursing home level of care.

Thank you for the opportunity to provide testimony on this critical, unaddressed issue. The PACE Alliance welcomes further engagement with the Joint Legislative Budget Committees on how to ensure the Legislature’s goals for PACE are achieved.