

# Bringing the Program of All-Inclusive Care for the Elderly to South Dakota

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# Agenda

- PACE overview and history
- PACE quality and outcomes
- Choosing PACE as an option
- States' policy environment and responsibilities
  - PACE Growth
  - PACE Sustainability
  - Licensure and Oversight
- CMS Role in PACE Development
- PACE growth across the country
- Q&A

# PACE Overview and History

# What is PACE?

Program of **A**ll-Inclusive **C**are for the **E**lderly

- A Medicare program and Medicaid state option that gives community-based care and services to people 55 or older who otherwise would need a nursing home level of care.
- Integrated system of care for the frail elderly that is:
  - Community-based
  - Comprehensive
  - Capitated
  - Coordinated



Source: <https://www.npaonline.org/sites/default/files/11341-PACE.pdf>

# PACE Background

Existing care models could not serve the older Asian and Pacific Islander American community well in their Chinatown North Beach neighborhood homes

In 1971, the first PACE program opened - On Lok in San Francisco

Today, there are 150 PACE organizations located in rural areas, inner cities, and the Cherokee Nation Reservation

These programs empower a diverse range of older adults and those living with disabilities to remain independent for as long as possible while living in their homes and communities

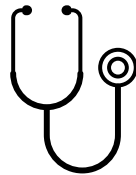
# Milestones in the PACE Model History

**1986**



Legislation authorizing PACE Demonstration

**1990**



First demonstration sites operational

**1997**



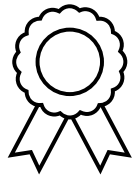
Congress authorizes permanent provider status

**1999**



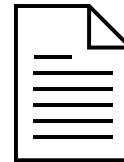
Publication of interim final PACE regulations

**2001**



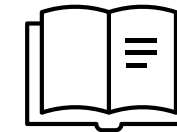
First program achieves permanent PACE provider status

**2002**



Publication of 2<sup>nd</sup> interim final PACE regulations enhancing opportunity for program flexibility

**2006**



Final PACE rule

**2014**



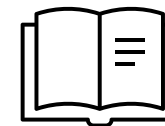
Reached first 100 PACE programs

**2015**



PACE Innovation Act is signed into law

**2016**



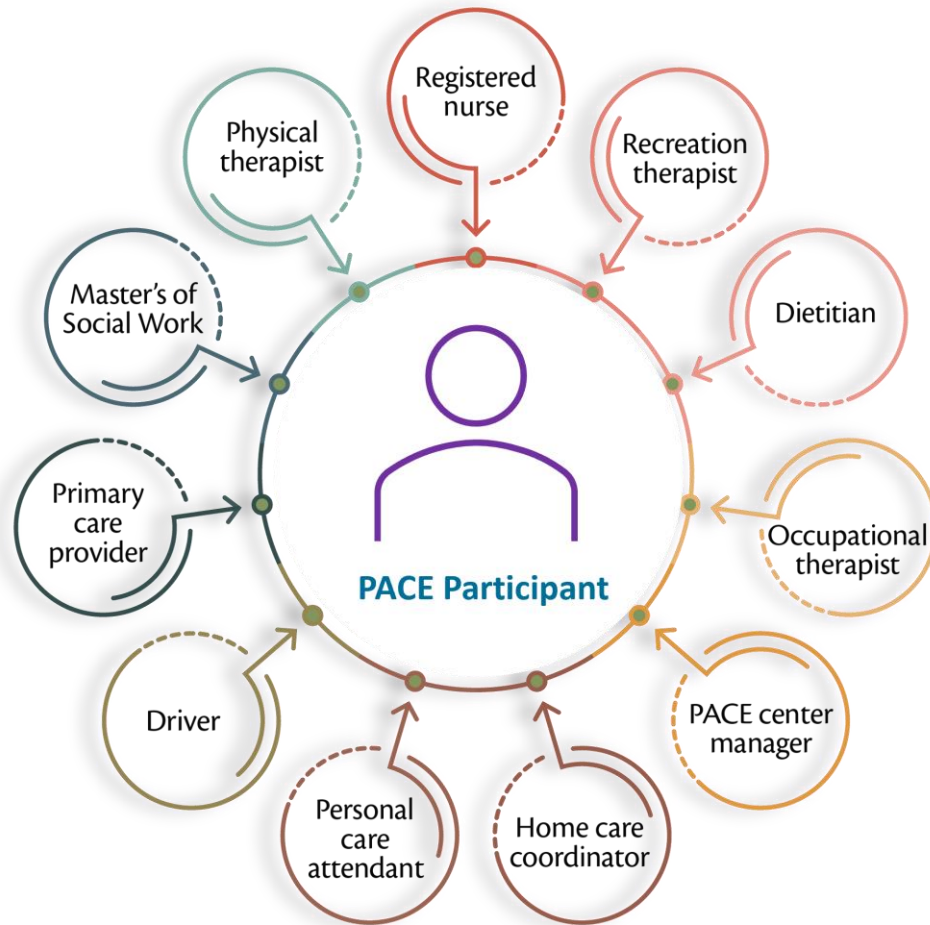
CMS Issues proposed PACE rule

**2019**



New PACE Regulation

# The PACE Model of Care



- PACE participants are served by an 11-member interdisciplinary team
- PACE participants receive services at the PACE center and at their homes
- PACE programs provide **all** Medicare, Medicaid, and medically necessary services with **no benefit limitations, copays, or deductibles**
- PACE programs receive **capitated payments** per participant and are at **full risk for the services provided**; payments do not change based on the utilization patterns of participants

# The PACE Model Philosophy

The PACE Model of Care is centered on the belief that it is better for the well-being of frail elders with chronic care needs and their families to be served in the community whenever possible.

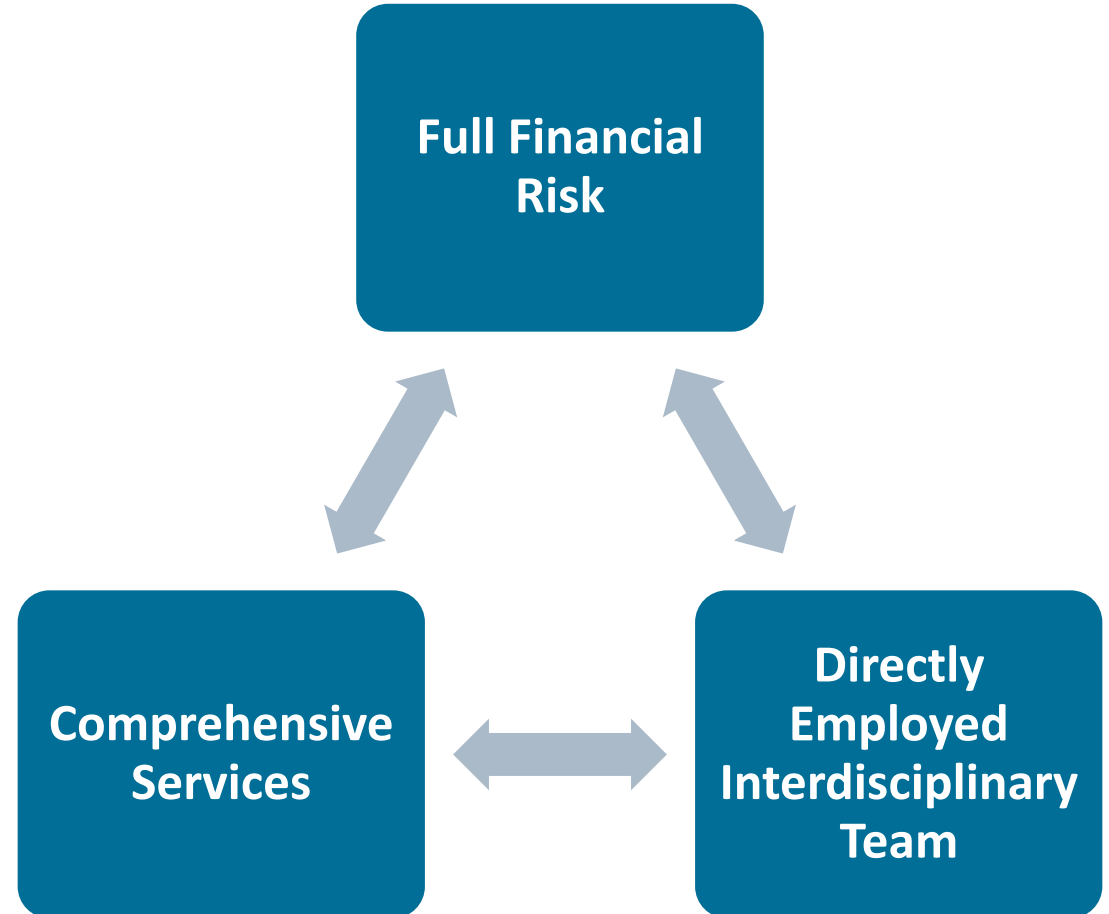
## Honoring the wants and needs of frail elders and their families

- To be cared for in familiar surroundings
  - To maintain autonomy of their care
- To maintain a maximum level of physical, social, and cognitive function



# Why Does PACE Work?

- PACE is both a **health provider and a health plan**
- Why does PACE Work?
  - Full financial risk
  - Comprehensive services
  - Directly employed interdisciplinary team that manages each participant's care
- The Four C's:
  - Community-based
  - Comprehensive
  - Capitated
  - Coordinated



# Who Does PACE Serve?

## PACE Participants

**87%**

are dually eligible for  
Medicaid & Medicare

**13%**

are Medicaid-only

**0.5%**

pay a premium  
(Medicare-only or other)

- Over 69,000 older adults and individuals with disabilities receive care daily
- Participants are eligible to join PACE if they are:
  - 55 years of age or older
  - Live in a PACE geographic service area
  - Certified by their state as needing nursing home care
  - Able to live safely in the community with the services of the PACE program at the time of enrollment



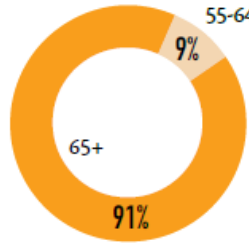
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# Who are PACE Participants?

## PACE SERVES OUR SENIORS

**95%** Live in the community

**77**  
Average age



**66%** WOMEN  
**34%** MEN

## NEED HELP WITH ACTIVITIES OF DAILY LIVING



Dressing



Bathing



Transferring



Toileting



Eating



Walking

1-2: 26%

3-4: 24%

5-6: 33%

Average number of ADLs with which participants need assistance

## TOP 5 CHRONIC CONDITIONS OF PACE PARTICIPANTS

- Vascular Disease
- Major Depressive, Bipolar and Paranoid Disorders
- Diabetes with Chronic Complication
- Congestive Heart Failure
- Chronic Obstructive Pulmonary Disease

**5.8** Chronic Conditions



## IN AN AVERAGE MONTH

**6** Prescriptions

**5** Visits to PACE Center

**46%** Dementia

Source: [https://www.npaonline.org/sites/default/files/PDFs/infographic/NPAinfographic\\_Sept2022.pdf](https://www.npaonline.org/sites/default/files/PDFs/infographic/NPAinfographic_Sept2022.pdf)

# PACE Provides Transportation & Meals



Source: [https://www.npaonline.org/sites/default/files/PDFs/infographic/NPAinfographic\\_Sept2022.pdf](https://www.npaonline.org/sites/default/files/PDFs/infographic/NPAinfographic_Sept2022.pdf)



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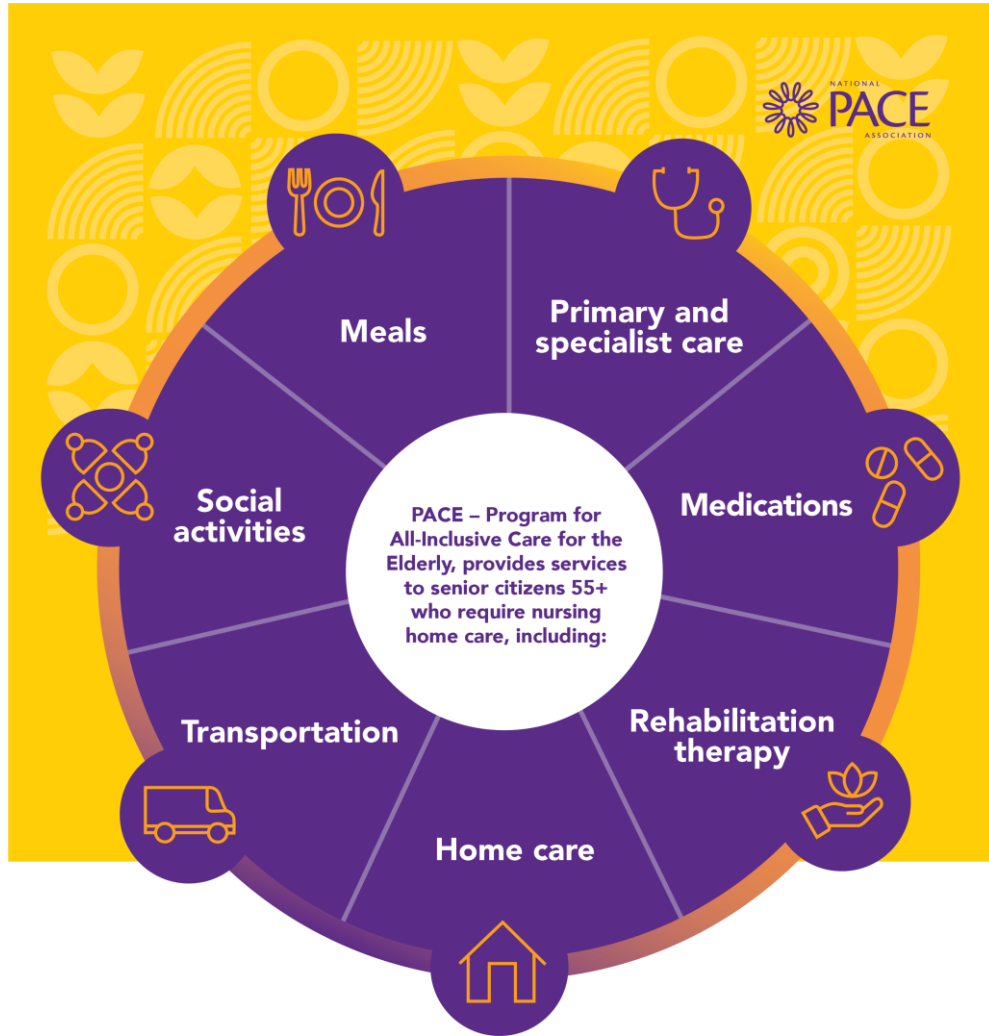
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# PACE Provides PT & OT



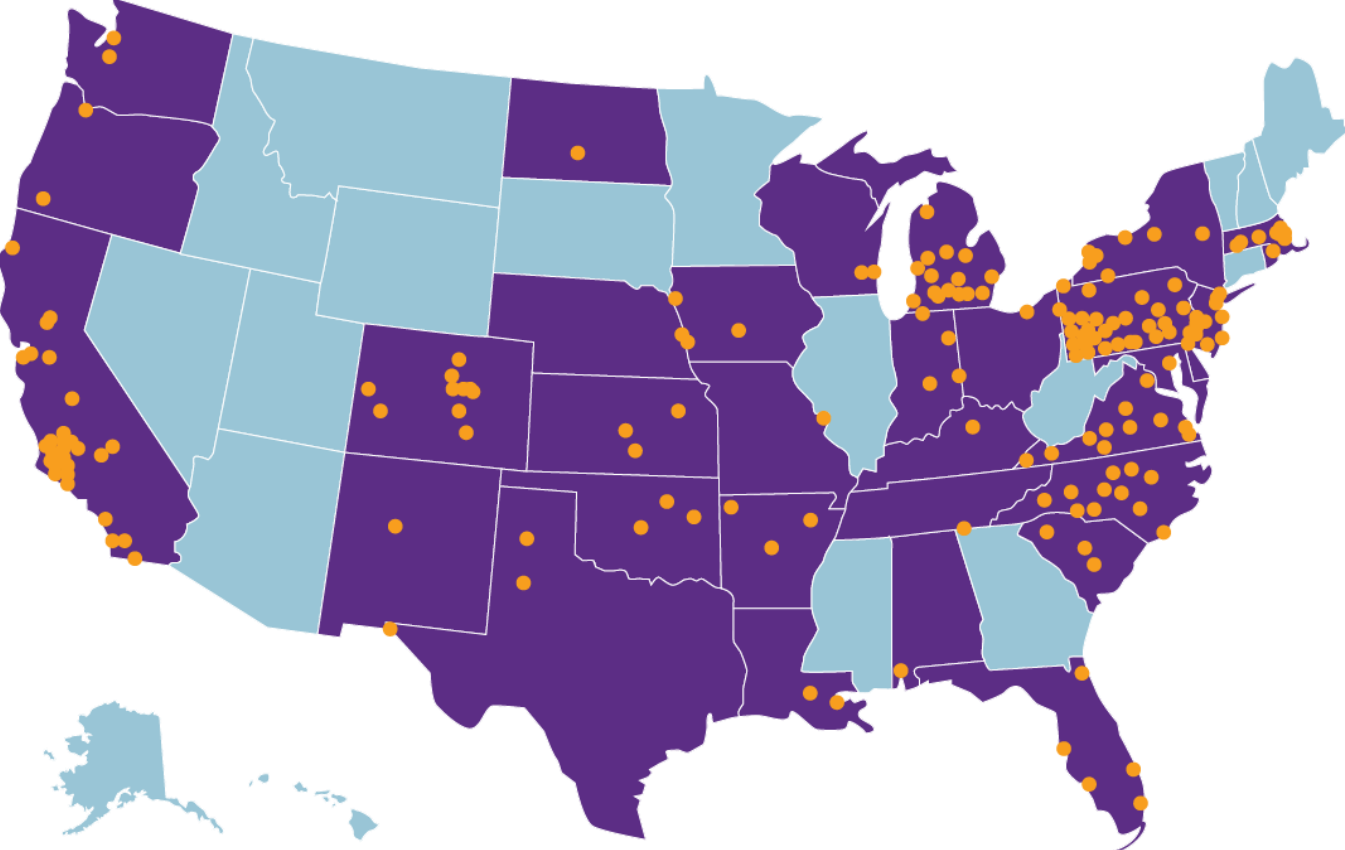
# Other Services Provided



- Nursing
  - Nutritional Counseling
  - Social Work
  - Medical Care
  - Personal Care
  - Social Services
  - Audiology
  - Dentistry
  - Optometry
  - Podiatry
  - Respite Care
  - Care Management
- Hospital and nursing home care are provided when necessary
  - Any other care, services, or supports deemed medically necessary to maintain or improve the health status of participants.

***If a PACE participant needs nursing home care, the PACE program pays for it and continues to coordinate the participant's care.***

# Where Is PACE?



**150** Sponsoring Organizations\*

**322** PACE Centers

\*All PACE organizations are members of NPA

**32 States and the District of Columbia Have PACE Organizations, Serving Over 69,000 Participants**



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# PACE Quality and Outcomes



# PACE Provides High-Quality Outcomes



- Reduced hospital admissions
- Decreased rehospitalizations
- Reduced ER visits
- Fewer nursing home admissions
- Better preventative care



Source: [https://www.npaonline.org/sites/default/files/PDFs/infographic/NPAinfographic\\_Sept2022.pdf](https://www.npaonline.org/sites/default/files/PDFs/infographic/NPAinfographic_Sept2022.pdf)

# PACE Provides High-Quality Outcomes

# 97.5%

**of family caregivers would  
recommend PACE**

to someone in a similar situation

- Over 96% of family members are satisfied with the support they receive
- High participant satisfaction
- Low disenrollment rate

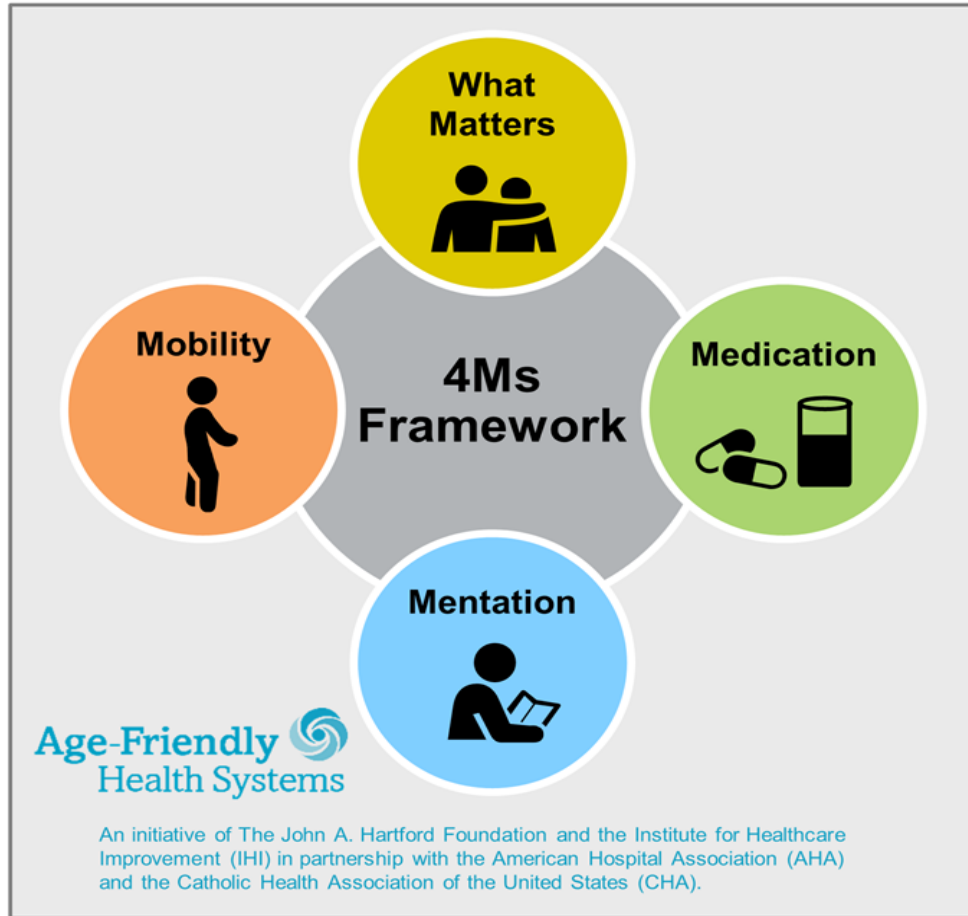
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# PACE & Age-Friendly Health Systems (AFHS)



	<i>Strengths of PACE Model</i>
<b>What Matters</b>	Participant involvement in discussion regarding Goals of Care Goal of remaining in community Interdisciplinary team approach
<b>Mobility</b>	PT/OT assessments and activities Provision of transportation Fall prevention programs (mobility improvement) Day center activities
<b>Medications</b>	Medications managed with geriatrics specialists Coordinated prescribing Emphasis on de-prescribing harmful medications
<b>Mentation</b>	Routine cognitive assessments (including caregiver strain) Activities based on cognitive ability Provide meals and nutritional supplements

# ASPE Finds PACE to be “A Consistently ‘High Performer’”

Study conducted by the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning –  
Comparing Outcomes for Dual Eligible Beneficiaries  
in Integrated Care

## Findings

- PACE was determined to be “a consistently ‘high performer’”
- PACE participants, when compared to Medicare Advantage enrollees
  - Did not have a notably higher mortality risk
  - Were “significantly less likely to be hospitalized, to visit the ED, or be institutionalized[.]”

# PACE Identified as an Aging Appropriate Model

Report published by the Institute of Medicine Committee on the Future Health Care Workforce for Older Americans –  
*Retooling for An Aging America: Building the Health Care Workforce*

## **PACE Embodies Principles of Care Identified in the Report**

- The health needs of the older population need to be addressed comprehensively
  - Services need to be provided efficiently
  - Older persons need to be active partners in their own care

# Choosing PACE as an Option

# PACE Is a State Option

- State must amend its Medicaid Plan to elect PACE as a voluntary state option.
- The State Plan Amendment (SPA) and provider application processes can occur simultaneously.
- State must receive CMS approval of SPA before three-way Program Agreement can be signed.

# What Is in a State Plan Amendment?

The State Plan Amendment covers three major areas:

1. Clinical and financial eligibility and post-eligibility treatment of income requirements for PACE enrollees
2. Rate-setting methodology for the Medicaid capitation rates
3. Procedures for processing Medicaid enrollments and disenrollments in the state's management information system.



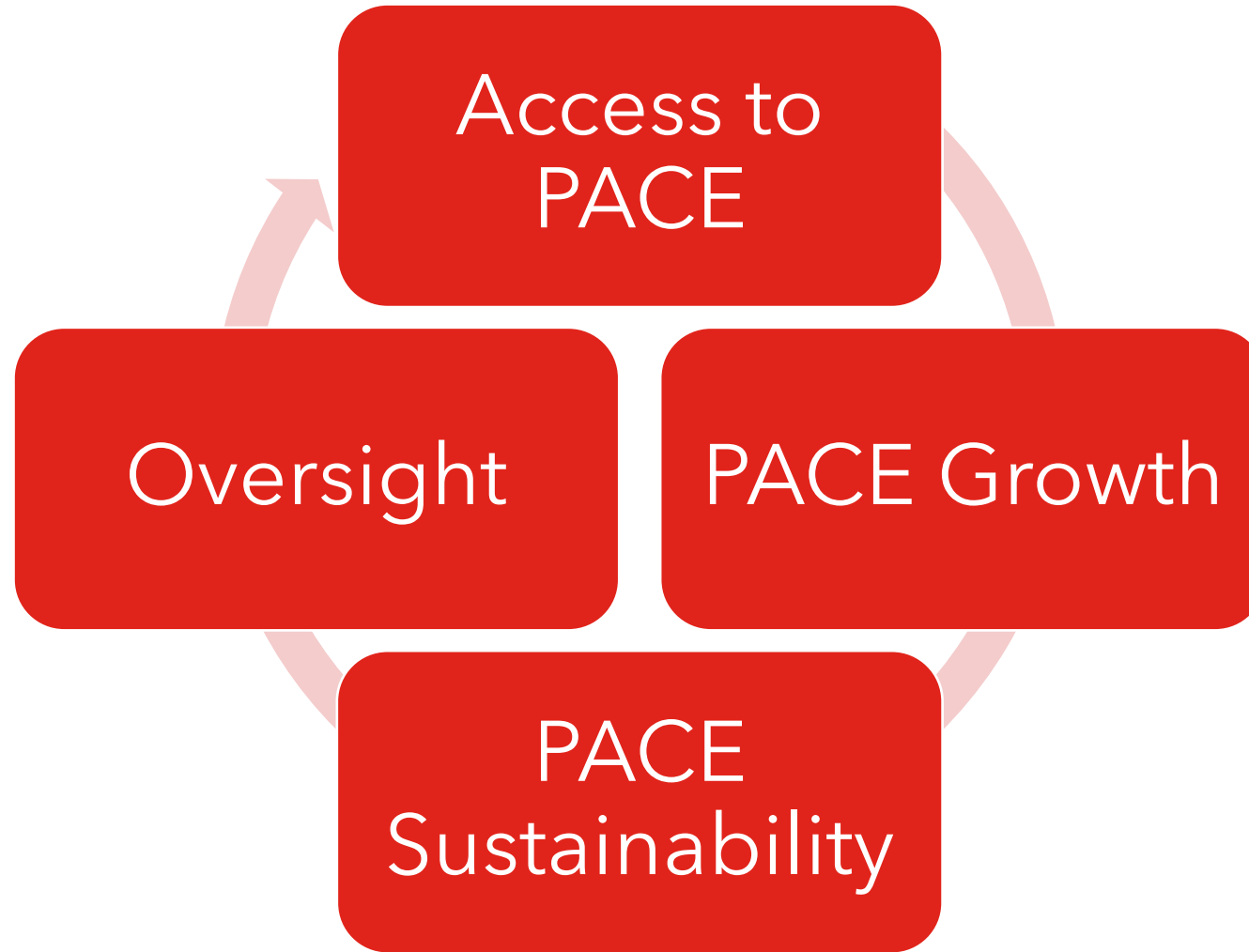
# State Role in PACE Development

PACE organizations need support from state policy-makers and the Medicaid State Administering Agency (SAA) to develop and succeed.

- SAA concurrence required on initial application, expansion applications, waiver requests and ACS notices.
- SAA determines Medicaid rate-setting methodology.
- SAA establishes Medicaid eligibility requirements, level-of-care determination processes, and Medicaid enrollment and disenrollment processes.
- SAA establishes state oversight requirements, including provider licensing and health plan licensing.
- SAA determines how much PACE can grow in the state.

# States' Policy Environment & Responsibilities

# State Policy Environment and NPA Priorities



# Growing PACE

Allowing PACE to  
Grow to Meet  
Market Demands

Census  
Growth

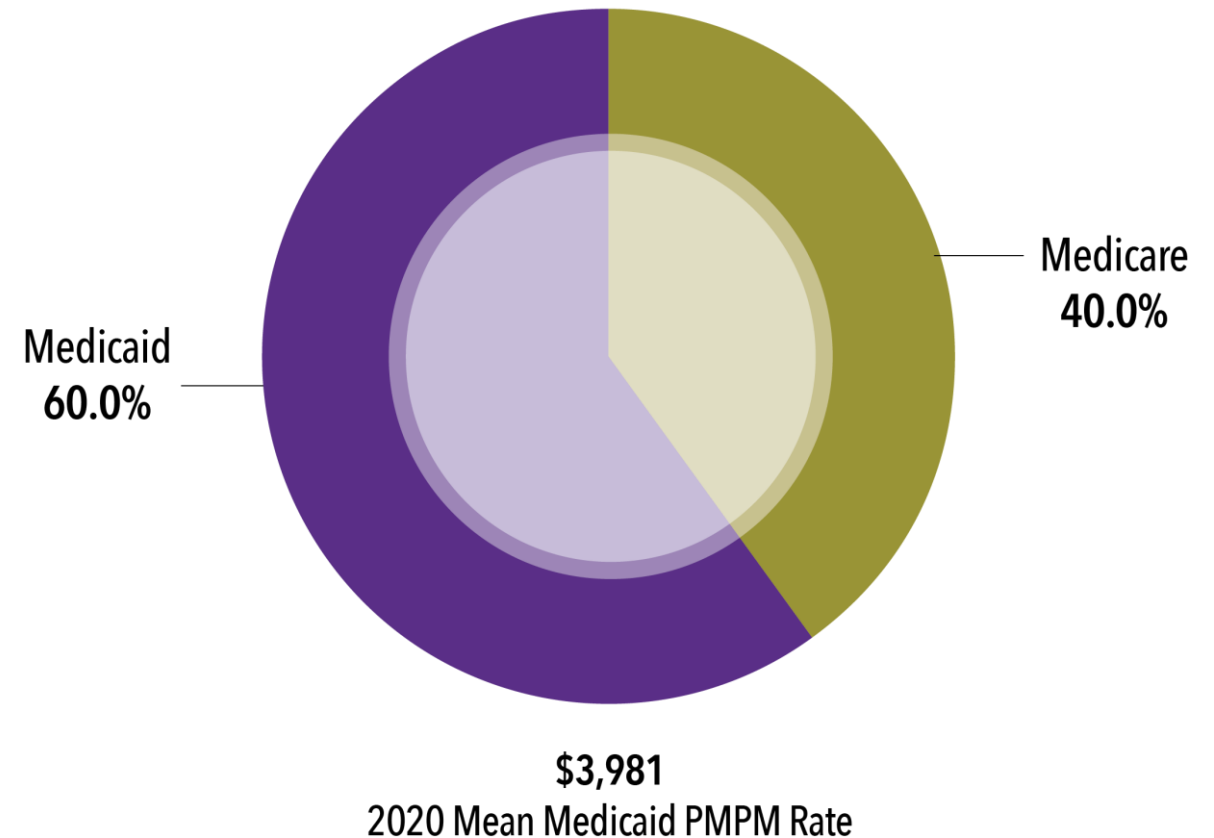
Current  
Program  
Growth

New Program  
Growth

# PACE Financing

- PACE combines capitated financing from Medicare and Medicaid to flexibly meet each participant's unique care needs.
- Medicare capitation rates are adjusted for the diagnostic and demographic characteristic of each participant
- Medicaid capitated payments are calculated to be less than what the state would otherwise pay for PACE participants outside of PACE
- To learn more, visit our website - [Medicare Risk Adjustment](#)

## Source of Service Revenue



Source: NPA FY2020 PMPM Benchmarking Report

# Federal Requirements for Rate Setting

Federal law requires that states make a prospective monthly capitation payment to a PACE organization for a Medicaid participant that:

- is less than what would otherwise have been paid under the state plan if not enrolled in PACE;
- considers comparative frailty of participants; and
- is a fixed amount regardless of changes in a participant's health status.

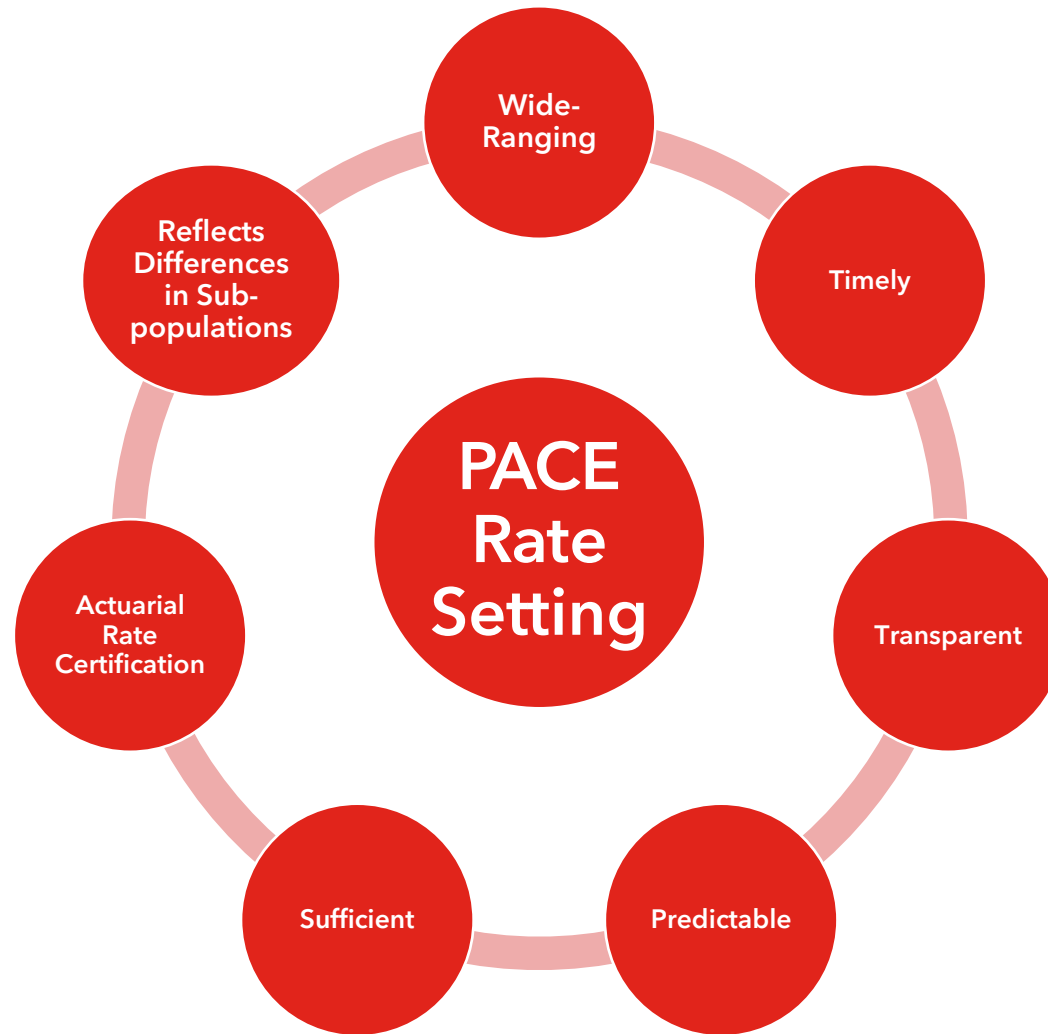
# Rates and Rate Setting

## Rate-Setting Methodology

- Percent of UPL/AWOP
- Experienced-Based Rate-Setting
- Medicaid Managed Care Rate-Setting



# Key Components of Rate Setting



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# PACE Funding and State Budgets

## PACE Funding in Overall Medicaid Budget

- PACE funding tends to be more stable.
- But...PACE often is seen as “budget dust” and does not get the same attention as other LTSS programs.

## PACE Funding As Line Item in State Budget

- Funding for the programs can be a moving target each year.
- Often falls on the PACE organizations and sometimes the state agency to ensure there is sufficient funding for PACE growth.

# State Oversight and Flexibility

Significant variation in licensure and oversight:

- PACE federal regulation: 13 states
- Adult day care: 13 states
- Home health: 8 states
- Primary care clinic: 4 states
- Other: 5 states
- More than one type of licensure: 6 states

**State Almanac**

**Licensure**

State	PACE Federal Regulation	Adult Day Care (ADC) License	Primary Care Clinic	Home Health	Other
AL	X				
AR		X			X <sup>1</sup>
CA <sup>2</sup>		X	X <sup>3</sup>	X	
CD				X	
DE	X				
FL		X			
IN	X				
IA	X				
KS	X				
KY		X			
LA		X			
MD		X			
MA	X				
MI	X				
MO	X				
NE		X	X	X	X <sup>4</sup>
NJ					X <sup>5</sup>
NM			X		
NY			X	X	X <sup>6</sup>
NC		X		X	
ND	X				
OH	X				
OK		X		X	
OR	X				
PA	X				
RI		X		X	
SC		X			

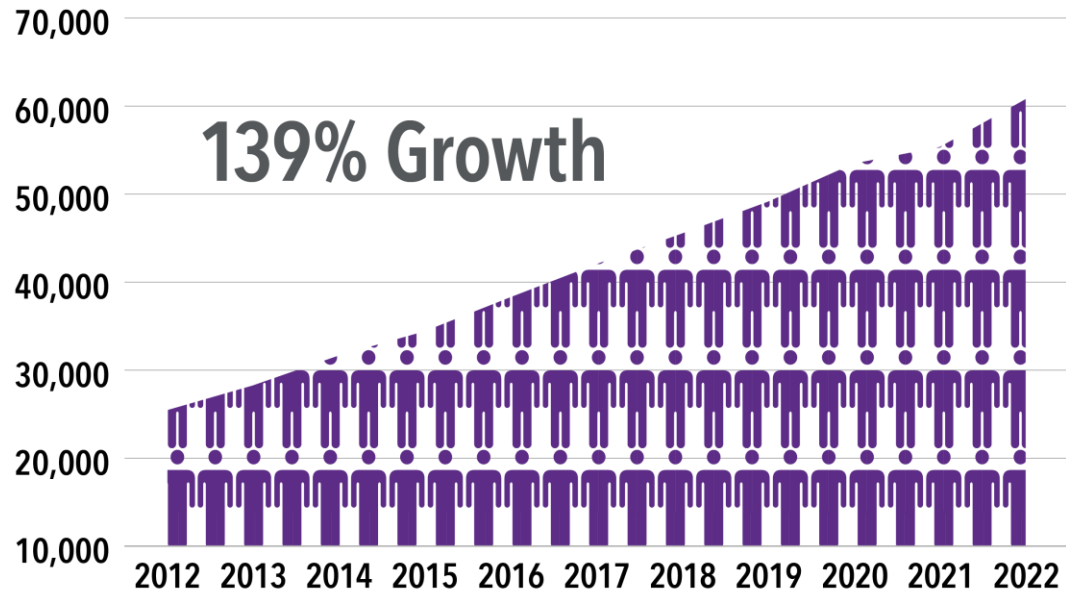
# CMS Role in PACE Development

- Responsible for development/implementation of federal PACE regulatory requirements
- Implements Medicare payment methodology
- Reviews/approves PACE provider applications and SPAs
- Medicare enrollment and disenrollment systems
- Participates in 3-way program agreement
- Ongoing oversight and monitoring

# PACE Growth Across the Country

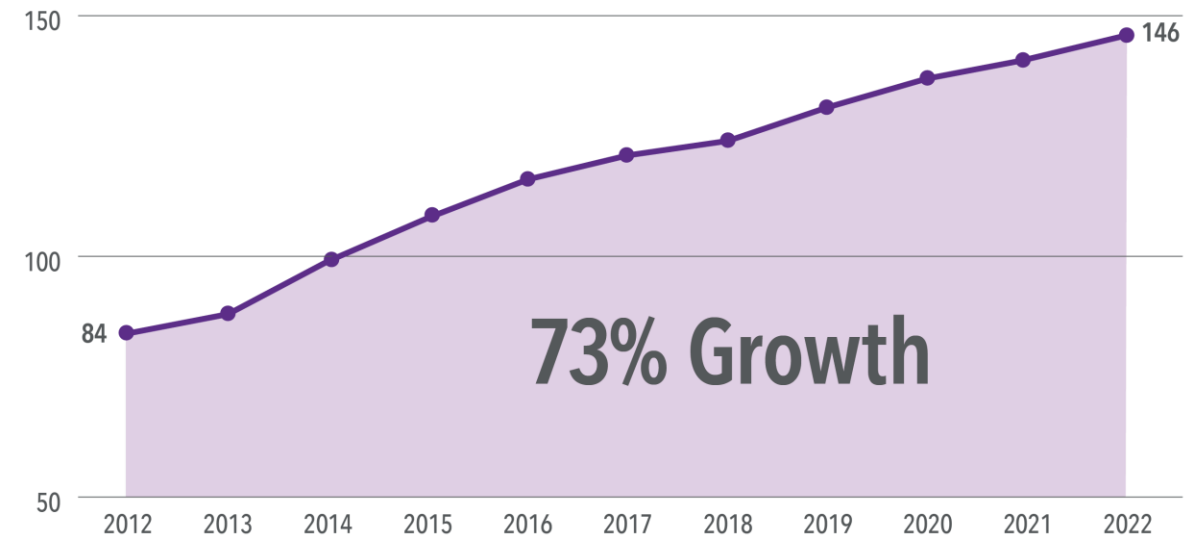
# PACE Growth

## PACE Enrollment (2012-2022)



10% growth from 2021

## PACE Organizations (2012-2022)



4% growth from 2021

Source: NPA Medicaid Capitation Rates and PACE Data report, calendar year 2022



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# Future After COVID-19

- The infection and death rates for PACE participants were 1/3 those for nursing home residents
  - These outcomes have resulted in increased recognition of the PACE model of care
  - Expected to translate into substantial growth in the years ahead.
- Future Growth Potential
    - 50+ PACE programs expected to open in the next 2-5 years
    - PACE 200K project to implement PACE growth strategies
    - PACE receiving increased media attention and thought leader attention
    - More states are interested in expanding or developing PACE
    - Legislation supporting PACE growth is being introduced

# Questions?



Please reach out at [lizp@npaonline.org](mailto:lizp@npaonline.org) with questions!