PACE
Program of All-inclusive Care for the Elderly

Long Term Care Discussion Group

Thursday, November 9, 2017

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What is PACE?

Program of All Inclusive Care for the Elderly

An integrated system of care for the frail elderly that is:

- Community-based
- Comprehensive
- Capitated
- Coordinated
Who Does It Serve?

• 55 years of age or older
• Living in a PACE service area
• Certified as needing nursing home care
• Able to live safely in the community with the services of the PACE program at the time of enrollment
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 2nd 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

2017
Awaiting release of PACE final rule allowing greater flexibility
Status of PACE Development
(as of June 2017)

31 states have PACE programs
- States with a PACE program
- States with no PACE program

122 Sponsoring Organizations
239 PACE Centers
(as of 6/1/17)
PACE Programs Around The Country
Integrated, Team Managed Care

- An interdisciplinary team
- Team managed care vs. individual case manager
- Continuous process of assessment, treatment planning, service provision and monitoring
- Focus on primary, secondary, tertiary prevention
Integrated Service Delivery and Team Managed Care
Capitated, Pooled Financing

- Medicare capitation rate adjusted for the frailty of the PACE enrollees

- Integration of Medicare, Medicaid and private pay payments

### PACE Participants

- 90% Are dually eligible for Medicaid and Medicare
- 9% Are Medicaid-only
- 1% Pay a premium (Medicare-only or other)
• PACE Programs receive approximately:
  • 60% of its revenue from Medicaid
  • 40% from Medicare
    (A small percentage of program revenue comes from private sources or enrollees paying privately)
  • 2017 Mean Medicare PMPM Rate: $2,318
  • 2017 Mean Medicaid PMPM Rate: $3,662
• PACE Programs are Medicare D providers
Proven Model of Care

• “Evaluations have demonstrated that PACE enrollees have increased use of ambulatory services, lower rates of nursing home use and in-patient hospitalization, lower rates of functional decline, and better reported health status and quality of life than among comparison populations.”

Proven Model of Care

• “Higher numbers of emergency department visits, hospitalizations, and nursing home placements occurred post-PACE. The majority of participants (67%) reported a higher satisfaction when receiving PACE services.”

• “There were a total of 17 nursing home placements over the 2-year period with a cost to Medicaid of $2,040,000. For the same amount of money, the state could have continued to support the PACE program for the . . . 2-year time period.”

• “Each hospitalization cost Medicare $6962.90 above what they would have paid for PACE in that month. If that amount is multiplied by 32, the number of hospitalizations found after PACE closed, total cost to Medicare was $222,812.80 enough to cover the cost of PACE for 7.5 participants.”

• “Home care, a covered PACE service, may prove to be a substantial benefit in reducing emergency department visits and hospitalizations. Each hour of home health per month decreased the number of ED/hospital visits in a 6-month period by 5.4%.”

PACE’s capitation was well under outlays for equivalent patients in alternative care, creating a substantial savings for Medicaid.”

“In FY05 dollars, this comprised a savings of more than $8.5 million in the first year for patients admitted to PACE over 11 years.”

Activities to Support PACE Growth

- Federal Regulatory Reform
  - Proposed rule issued June of 2016
  - Would provide flexibility for start up, operations and innovative practices
- PACE Innovations Act
  - Establishes CMS Authority for PACE pilots to serve new populations
- Medicare Access and Affordability
  - Tiered premiums
  - Part D flexibility
  - 2-way agreements
- State Policy changes
  - Enrollment Caps
  - Program Caps
  - New States
- PACE 2.0
  - John A. Hartford Foundation and West Foundation Funded Initiative
Why Do We Need PACE 2.0?

• Tectonic shifts in demographics in the U.S. portend a rapid rise in seniors and people who may be dually eligible. More than 79 million seniors will be living in America by 2035; the number of older adult households with a disability will top 31.2 million by then, and the number of older adults with dementia will reach 7.6 million.

• An estimated 70 percent of these older adults will need long-term care. While most such care can be delivered at home, some will require the services of skilled nursing facilities. Many older adults today are assisted by family caregivers for self-care tasks, however, it is widely believed that in the future there will not be enough family caregivers to take care of older adults. Over time, paid care will become even more necessary; without caregiver support, the only option for many will be long-term care facilities.

• Today, 1.4 million Americans reside in nursing homes. Two-thirds of these people receive Medicaid coverage. However, one study found that up to 1 in 5 of these seniors—up to 280,000 in all—could live in less-restrictive environments if they had affordable alternatives with wrap-around services.

“Bridging the Health and Housing Gap: Transitioning Medicaid Recipients from Institutions to the Community in the Context of Housing Shortages and Affordability, Association for Community Affiliated Plans, November, 2017”
Why Do We Need PACE 2.0?

- 2M plus Dual-eligibles need Long Term Services and Supports (LTSS)
  - PACE serves 2% of them
- Estimated that 10M people need LTSS

- Seniors, and potentially others, in PACE
  - Live longer
  - Have reduced chronic illness complications
  - Live in the community
  - Have fewer unmet needs
  - Have a higher quality of life

- PACE has the attributes of a high performing health care delivery system
  - Fully integrated
  - Person centered
  - Holistic
  - Accountable
PACE Growth: When 200,000?

- By 2029 (16%)
- By 2037 (8%)
- By 2052 (5%)

Graph showing growth projections for PACE from 2017 to 2029.
What Will PACE 2.0 Do?

Chart a course for a 5X exponential growth in PACE through:

- Expanding current PACE organizations’ operations and service areas
- Initiating new PACE organizations’ to serve new areas
- Serving more currently eligible individuals
- Serving newly eligible individuals
PACE 2.0: How?

- Essential Elements
  - Design
  - Competencies
  - Needs Addressed

- Target HNHC Subpopulations
  - Health status
  - Functional status
  - Care gaps

- Growth Factors
  - Policy
  - Workforce
  - Quality

- Spread & Scale Plan
  - Service Areas
  - Sponsors
  - Prototypes

August 1, 2017 – July 30, 2019
Essential Elements

- Design
- Competencies
- Needs Addressed

PACE Delivery Model
Focus Groups
L & M

PACE Innovator Site Visits
NPA

PACE Literature Review
NPA

DNA Structure

October, 2017
January – February, 2018
November, 2017
Target High Need, High Cost Populations

- Health Status
- Functional Status
- Care Gaps

- RTI Define HNHC Subpopulations TBD
- RTI & NPA Develop PACE Targeting Criteria May, 2018
- RTI Target Subpopulation Estimates (National, State, Service Area) TBD
Growth Factors

- Policy
- Workforce
- Quality

- **Truven**
  - PACE Policy Focus Groups
    - October, 2017

- **Truven**
  - Policy Key Informant Interviews
    - November, 2017

- **TBD**
  - Workforce and Quality White Papers
    - May - July, 2018
Spread and Scale Plan

- Service Areas
- Sponsors
- Prototypes

L & M
Prospective Sponsor Type Interviews
TBD

Billions Institute, NPA
Prototype Development
August - December, 2018

NPA
Outreach
January - July, 2019
Resources for PACE Organizations
Supporting Spread and Scale for PACE Organizations

1: Report: PACE 2.0 Projected Impact Estimates
2: Chart E-Book: PACE 2.0 Projected Impact Estimates by State and Service Area
3: Assessment: What Can We Learn from PACE Innovations
4: Growth Plan: Scale and Spread Strategies for PACE 2.0
5: Provider Action Guide: Prioritizing and Planning for PACE Growth Opportunities
QUESTIONS?