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THE FEDERAL PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY (PACE)

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You asked for a summary of the federal Program of All-Inclusive Care for the Elderly (PACE).

SUMMARY

PACE is a joint Medicare and Medicaid program administered by the federal Centers for Medicare and Medicaid Services (CMS). It provides comprehensive preventive, acute, primary, and long-term care services to frail seniors to help them remain in the community and delay or avoid institutional care.

The program is based on a model developed in California in the 1970's. A federal Medicaid waiver demonstration program in the 1980's replicated the program in 10 sites across the country. The 1997 Balanced Budget Act established PACE as a permanent Medicare program and Medicaid state plan option.

PACE is available to certain individuals age 55 and older who are certified by the state as needing nursing home care. Generally, participants are enrolled in Medicare, Medicaid, or both (i.e., dually eligible), but it is not required. PACE is only available in states that offer it as an optional Medicaid benefit. There are currently 82 PACE programs operating in 29 states (Connecticut does not have a program).

PACE is a capitated, risk-based, voluntary program. It is funded primarily through monthly Medicare and Medicaid capitation payments for eligible enrollees. Participants who are dually-eligible or Medicaid-eligible do not pay for their care. Those who are Medicare-eligible must pay a premium to cover long-term care and prescription drug benefits. Participants who are ineligible for both Medicare and Medicaid must pay privately for services. There are no additional cost-sharing requirements.

PACE organizations must be approved by CMS and meet certain requirements, including having an adult day center to provide services to program participants. An interdisciplinary team periodically assesses each participant, develops a comprehensive care plan, and provides care. Services are generally provided in the adult day center, with supplemental home care and referral services provided when needed.

The program provides all services covered under Medicare and Medicaid, and may include other medically necessary services. At a minimum, services include primary care, social, personal care, and supportive services; restorative and recreational therapies; nutritional counseling; and meals. If a participant needs nursing home care, PACE pays for it and continues to coordinate his or her care.

PACE

PACE is a joint Medicare and Medicaid program that provides frail seniors with access to a continuum of preventive, acute, primary, and long-term care services, providing "one-stop shopping" for all health care services. This enables participants to live in the community and avoid or delay institutional care.

The program was based on a model developed by On Lok Senior Health Services in San Francisco, California. On Lok developed its program through a series of federal Medicaid waiver demonstrations in the 1970's. In 1986, Congress authorized a PACE demonstration program to replicate the model in 10 sites across the country, all of which were operational by 1994. The demonstration continued until the Balanced Budget Act of 1997 (P.L. 105-33) designated PACE as a permanent Medicare program and a Medicaid state plan option.

PACE is similar to a Medicare Advantage plan (a type of Medicare plan offered by a private company) in that it is capitated, risk-based, voluntary, and provides managed care. But, it differs from a Medicare Advantage plan in that it (1) is a joint Medicare and Medicaid program,

(2) is only available to certain Medicare beneficiaries, (3) includes statutory waivers that allow it to provide services not covered by Medicare, and (4) is only available in states that have designated PACE as a Medicaid state plan option.

ELIGIBILITY

Eligible PACE participants must be (1) age 55 and older, (2) living in the PACE organization's service area, (3) certified by the state as needing nursing home care, and (4) able to live safely in the community at the time of enrollment. Participants agree to receive all of their medical and support services through the PACE organization.

Most PACE participants are either Medicare- or Medicaid-eligible or dually eligible, but those who do not qualify for these programs may pay privately for PACE. PACE participants may disenroll from the program and resume their traditional Medicare and Medicaid benefits at any time.

According to the National PACE Association, the average PACE participant is 80 years old, has 7.9 medical conditions, and is limited in three activities of daily living. Approximately 49% of participants have dementia and 90% of all participants live in the community.

PAYMENT

Premiums

A PACE participant who is Medicare-eligible does not pay a premium for any Medicare-covered services. If the participant is not also Medicaid-eligible (i.e., dually eligible), he or she pays a monthly premium to cover the long-term care portion of the PACE benefit. The state pays the cost of a participant who is eligible for Medicaid, but not Medicare. A participant who is ineligible for either program must pay privately.

Provider Payments

Medicare and Medicaid submit monthly capitation payments for eligible enrollees (dual eligibles receive two monthly capitation payments) to PACE organizations. The organizations place these payments in a common pool used by providers to pay participants' health care costs. This capitated payment system allows PACE organizations to provide care without limits on the amount, duration, or scope of services unlike under the Medicare and Medicaid fee-for-service systems. But, PACE

organizations must assume full financial risk for participants' care. This means that organizations must pay for any care costs that exceed the capitation payments.

PACE ORGANIZATIONS

Program services are provided by PACE organizations, which are nonprofit or public entities engaged primarily in providing PACE services. To participate in PACE, an organization must be approved by CMS and demonstrate that it has:

1. a governing body that includes participant representation,
2. the ability to provide the complete service package regardless of service frequency or duration,
3. a physical site and staff to provide adult day services,
4. a defined service area,
5. safeguards against conflicts of interest,
6. demonstrated fiscal soundness,
7. a formal participant bill of rights, and
8. a grievance and appeals process.

SERVICES

Upon enrollment in PACE, an interdisciplinary team assesses a participant's medical and social needs, develops a comprehensive care plan, and coordinates all services. Services are generally provided in the PACE adult day center, but are supplemented by in-home and referral services as needed. Table 1 lists interdisciplinary team members.

Table 1: PACE Interdisciplinary Team Members

• Primary care physician	• Dietician
• Nurse	• Social worker
• Physical and occupational therapists	• PACE center supervisor
• Recreational therapist or activity coordinator	• Home care liaison
• Personal care attendants	• Driver

Teams generally meet daily to discuss each participant's status, and biannually to reassess the participant's care plan to determine if adjustments are needed.

PACE provides all Medicare- and Medicaid-covered services as well as other services that the interdisciplinary team determines are medically necessary. Minimum services that must be provided in each PACE adult day center include primary care, social, personal care, and supportive services; restorative and recreational therapies; nutritional counseling; and meals. Table 2 provides a comprehensive list of PACE services.

Table 2: PACE Services

<ul style="list-style-type: none"> • Primary care (e.g., physician and nursing services) 	<ul style="list-style-type: none"> • Medical specialty services
<ul style="list-style-type: none"> • Hospital and emergency care 	<ul style="list-style-type: none"> • Nursing home care
<ul style="list-style-type: none"> • Prescription drugs 	<ul style="list-style-type: none"> • Home care
<ul style="list-style-type: none"> • Physical and occupational therapy 	<ul style="list-style-type: none"> • Adult day care
<ul style="list-style-type: none"> • Recreational therapy 	<ul style="list-style-type: none"> • Meals
<ul style="list-style-type: none"> • Dentistry 	<ul style="list-style-type: none"> • Transportation
<ul style="list-style-type: none"> • Laboratory and x-ray services 	<ul style="list-style-type: none"> • Nutritional counseling
<ul style="list-style-type: none"> • Social work services 	<ul style="list-style-type: none"> • End of life care

The National PACE Association notes that although PACE participants must be certified to need nursing home care to enroll in the program, only approximately 7% of participants live in a nursing home. If the interdisciplinary team determines a participant needs nursing home care, the program pays for it and continues to coordinate the participant's care.

RESOURCES

Centers for Medicare and Medicaid Services, "Programs of All-Inclusive Care for the Elderly Manual," June 3, 2011.

National PACE Association, <http://www.npaonline.org/website/article.asp?id=12>, website last visited on October 31, 2012.

PACE website, <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Long-Term-Services-and-Support/Integrating-Care/Program-of-All-Inclusive-Care-for-the-Elderly-PACE/Program-of-All-Inclusive-Care-for-the-Elderly-PACE.html>, website last visited on October 31, 2012.

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