The Future of the Program of All-Inclusive Care for the Elderly

Introduction

Recently, the Program of All-Inclusive Care for the Elderly (PACE) has experienced several significant changes that could fundamentally alter the program. PACE keeps those who would otherwise need a nursing home level of care in the community by providing comprehensive, cost effective care. For over four decades, PACE has operated under non-profit ownership using a capitated or fixed payment for each participant that does not increase if the cost of care increases. PACE programs receive a capitated payment from either Medicare or Medicaid, a combination of Medicare and Medicaid for dual eligibles, or private pay. PACE is incentivized via its capitated payment to provide a range of services that will reduce the likelihood of expensive hospital or nursing home care. Significant changes to the program including allowing for-profits to operate PACE, changes brought about by the PACE Innovation Act of 2015, and CMS's proposed rule change will likely affect the program's original focus of keeping frail elders out of the nursing home. This issue brief describes PACE and these recent changes.

The PACE Model of Care

PACE began in the 1970s in San Francisco, California. "On Lok", meaning peaceful or happy abode, became the first PACE program, primarily served the immigrant population, consisting largely of Chinese, Italian, and Filipino Americans and their families—a group that valued community care, believing that nursing homes were unacceptable places for their loved ones to age (Greenwood, 2001). The program was designed to provide social day care in the center, in-home care, and meals to the frail elderly in the community (National PACE Association, 2015).

Today, PACE operates 116 programs in 32 states, guided by the belief that "it is better for the well-being of seniors with chronic care needs and their families to be served in the community whenever possible" (National PACE Association, 2015). PACE serves over 30,000 enrollees in the U.S. (National PACE Association, 2015). To be eligible for PACE, individuals must meet the following criteria: be 55 years old or older, certified by the state to

need a nursing home level of care, reside near a PACE program, and be able to safely live in the community. The typical PACE enrollee is 80 years old, has 7.9 medical conditions and is limited in about 3 Activities of Daily Living (ADLs), and close to half have been diagnosed with dementia. Yet, with the assistance of the PACE program, 90 percent of participants, who would otherwise need a nursing home, are able to live in the community—a clear preference common among elders (National PACE Association, 2015).

In PACE, interdisciplinary teams (e.g., primary care physicians, nutritionists, nurses, and social workers) meet with enrollees and their families to assess the services needed to provide comprehensive care and allow participants to remain in the community. When an enrollee comes to a PACE center, they might receive medication, counseling, dialysis, a hot meal, or a flu shot. There are opportunities to socialize with other enrollees and PACE staff during the visit. PACE services also include primary care, hospital care, medical specialty services, nursing home care, emergency services, home care, physical therapy, occupational therapy, adult day care, dentistry, social services, and transportation. Families of enrollees also receive services, such as counseling or instruction on how to care for their loved ones.

The Rise of For-Profit PACE Providers

PACE has operated for decades and has proven itself to be a program that provides quality care that is also cost effective, but a recent shift to allow for-profit operators threatens the program's effectiveness. A section of the 1997 Balanced Budget Act allowed for a for-profit PACE demonstration to see if for-profits could provide care that is comparable to existing non-profits. It wasn't until 2007 when the first for-profit PACE opened in Pennsylvania. Two others, also in Pennsylvania and operated by the same company, opened in 2011. In 2013 Centers for Medicare and Medicaid Services (CMS) commissioned Mathematica to conduct an evaluation of for-profit PACE. The full report was released to the public in 2015 and can be found here: https://innovation.cms.gov/files/reports/pace-access-qualityreport.pdf

Findings from the For-Profit Evaluation

The results of the study were largely inconclusive, with non-profit PACE outperforming for-profit PACE on several measures of access to and quality of care. For-profit enrollees were more likely to report having fallen in the past 6 months, to have been injured by a fall in the past 6 months, and that it takes a great deal of energy to get services. Being in a for-profit PACE was also associated with a decrease in the probability of having had a flu shot, pneumonia

vaccination, and having eyesight tested regularly. With regard to satisfaction with care, the study found that for-profit enrollees were less likely to report being satisfied with overall care, with information from doctors, information on meds, the ability to obtain an appointment with a specialist, and with coordination of care. For-profit enrollees, however, were more satisfied with the therapy they received, compared to their non-profit counterparts. Although it was a requirement of the evaluation, the study did not specifically test cost-effectiveness, leaving it unknown as to whether for-profit PACE is better at controlling cost than non-profit. Despite the inconclusive results of the evaluation, the results were presented to Congress who in turn, authorized for-profits to begin operating PACE in 2015.

Lessons Learned from For-Profit Nursing Homes and Hospice

Other areas of healthcare that have experienced a similar shift in profit status have also experienced a decline in access and quality of care, without much cost savings. In nursing homes, for example, for-profits have reduced staff pay which in turn has reduced the number and quality of staff. For-profit hospice has seen a growth in cherry-picking of healthier patients, subbing of less qualified staff, and a reduction in services provided. Similar declines in access and quality will likely occur in PACE as for-profits attempt to extract a profit from a program that has a limited profit potential and that serves a frail, medically complex population.

PACE Innovation Act

Another trend that is likely to impact PACE is the 2015 PACE Innovation Act. The act will allow participating PACE programs to expand enrollment beyond the original target population. Programs that participate in the demonstration will allow those who are younger than 55 and those who do not yet meet the nursing home level of care criteria to enroll. If the demonstration projects are deemed

CMS PACE Rule Change

CMS has recently proposed a rule change to several PACE requirements. Some of the proposed changes are clearly needed such as ensuring that those with a past conviction for physical or sexual abuse will not have direct contact with enrollees, and requirements that strengthen compliance with Medicare Part D. The effects of other proposed changes, particularly with regard to staff, are less clear. One proposed change—allowing staff to perform multiple roles instead of just one specialized role—could streamline care and save money on the one hand. On the other hand, it could result in role strain for staff and a lower quality and number of services provided. Another proposed change to staffing—allowing non-physician medical staff to provide care in place of primary care physicians—could have serious and negative implications. PACE has traditionally served

an older, frail population with many health conditions. PACE enrollees need comprehensive and sometimes specialized care in order to avoid hospitalization or the nursing home. Although other medical staff like nurses are certainly capable of providing care, specialized medical professionals (especially those with additional geriatric training) might be better equipped to provide care to PACE enrollees.

Conclusion

In sum, PACE is undergoing several significant changes including allowing for-profit operation, changes to enrollment criteria, and changes in staffing requirements. The future of PACE as originally intended—a program that allows frail elders to age in place—remains to be seen.

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