



# PACE (Programs for All-Inclusive Care for the Elderly) Expands Programs for Low-Income Elderly

Expanding the number of PACE providers and participants

## SUMMARY

Staff from the [National PACE Association](#) conducted the PACE Expansion Initiative to promote, support and expedite the development of PACE—Programs of All-Inclusive Care for the Elderly. PACE is a model for delivering capitated social and medical services to low-income, vulnerable elders in a community setting.

## Key Results

- PACE programs increased in number from 33 at the beginning of the project to 40 at the end.
- PACE staff developed the Prospective Site Tracking Database to monitor the interest of potential PACE providers (also called PACE sponsors).
- PACE staff produced a brochure titled, *New PACE Providers: The Path from Interest to Start-up*.
- Project staff developed *The Core Resource Set for PACE*. A 10-volume technical assistance guide, *The Core Resource Set*, which is available [online](#) to members of the National PACE Association.
- Project staff created three membership categories to the National PACE Association, each representing a "step" in the PACE development process.
- Project staff increased membership to the National PACE Association. The number of fee-paying members increased from 43 in 2001 to 60 in 2004.

## Funding

The Robert Wood Johnson Foundation (RWJF) provided \$747,315 from November 2000 through June 2004 to support the project.

## BACKGROUND

PACE is a model of care that helps seniors with complex health care needs live in the community for as long as possible. The program provides social and medical services in adult day health centers or in the home for those PACE participants who choose not to attend the PACE center or to only attend it infrequently. Home services include skilled and personal care along with transportation. PACE also provides referral services in accordance with the participant's needs.

To qualify for PACE, a person must be certified by the state in which he/she resides to need nursing home care, be 55 years old or older and live in an area served by a PACE program. PACE sponsors receive a capitated payment for each enrollee they serve and are responsible for all of their health care needs, including paying for hospitalization and nursing home placement.

Congress initially authorized PACE as a demonstration project in 1986. Based on the success of the demonstration, the Balanced Budget Act of 1997 approved the granting of permanent provider status to PACE programs under Medicare and gave state Medicaid agencies the option to include PACE as a Medicaid benefit. The new status brought with it a range of new regulations, requirements and responsibilities for both providers and state Medicare/Medicaid agencies.

## THE PROBLEM

In 2000, PACE served some 7,000 people, but as the population ages, the number of eligible people will grow well beyond the 3 million currently eligible, according to the project director. In order to serve a meaningful proportion of the eligible population, the program must build capacity and expand availability.

However, when Congress granted PACE permanent provider status in 1997, the 14 existing PACE programs faced significant challenges converting to provider status, and new programs had to cope with lengthy and complex administrative challenges associated with starting up this type of intensive, integrated delivery system (e.g., coordinating health care and social services, blending funding streams and understanding and applying new regulatory and operational requirements).

## CONTEXT

RWJF supported the development of the On Loc model of coordinated care for the elderly through a national program, *On Loc Approach to Care for the Elderly*, which began in 1987. PACE developed from this approach. From November 1995 through December 1997, RWJF provided the National PACE Association with \$159,334 to

support the development of a national accreditation program for PACE. See [Program Results](#) on ID# 027957.

## THE PROJECT

Founded in 1994, the Alexandria, Va.-based National PACE Association advances the work of PACE programs through policy analysis, advocacy, education, quality assurance, technical assistance and research. Staff from the National PACE Association developed the PACE Expansion Initiative funded by RWJF to: (1) increase the number of potential PACE sponsors; and (2) establish the sustainability of the National PACE Association's outreach and technical support activities by increasing its membership.

To accomplish these objectives, project staff:

- Convened a 19-member advisory committee, comprised of experts from the provider community, universities and government agencies, to review the goals and objectives of the PACE expansion initiative and prioritize activities (see the [Appendix](#) for a list of members).
- Expanded awareness of PACE by presenting the model to a range of provider organizations and their associations, including the American Association of Homes and Services for the Aging, Volunteers of America and the National Hospice and Palliative Care Association. Project staff also tracked the organizations' interest in the program.
- Published a range of communications materials, including articles in trade and professional journals, an introductory brochure for prospective PACE providers, and technical assistance guides.
- Developed and delivered technical assistance to emerging PACE programs in the areas of operations, public policy and financial analysis.
- Developed three levels of membership services to sustain the technical assistance developed under this project (see [Results](#) for information on membership services).

Simultaneously with the PACE Expansion Initiative, staff from the National PACE Association also conducted the "Accelerating State Access to PACE" project. Funded by the John A. Hartford Foundation to serve as a complimentary project to the PACE Expansion Initiative, it sought to increase the level of training and technical assistance the National PACE Association provided to state agencies overseeing PACE.

## RESULTS

The project accomplished the following:

- **PACE programs increased in number from 33 at the beginning of the project to 40 at the end.** According to the project director, this is a significant improvement, given that state budget deficits, which increased during the project period, limited state funds available to support new PACE programs.
- **PACE staff developed the Prospective Site Tracking Database to monitor the interest of potential PACE providers (also called PACE sponsors).** The number of prospective providers increased from 200 providers in 2001 to 900 in 2004.
- **PACE staff produced a brochure titled, *New PACE Providers: The Path from Interest to Start-up*.** This brochure describes sequential, measurable steps for assessing, developing and launching a PACE program. The brochure also outlines the technical assistance resources and services pertinent to each phase of development that can help advance a prospective PACE organization from start-up to operations.
- **Project staff developed *The Core Resource Set for PACE*.** A 10-volume technical assistance guide, *The Core Resource Set* includes:
  - resources necessary to operate and administer a PACE program
  - information on how to prepare a provider application
  - a financial model for forecasting budgets and financial performance under PACE.

*The Core Resource Set*—which also includes model and sample policies, procedures, forms and practices—is available [online](#) to members of The National PACE Association.

- **Project staff created three membership categories to the National PACE Association, each representing a "step" in the PACE development process.**
  - The "Exploring PACE" membership is a \$2,500 one-year program that offers an array of information and services to assist in assessing needs, developing strategies and making the decision whether or not to proceed with PACE. At the end of the service year, organizations may credit their "Exploring PACE" membership dues toward the subsequent year's "Prospective Provider" membership dues.
  - The "Prospective Provider" membership provides a more in-depth menu of services and programs for organizations beginning to develop a PACE program, including *The Core Resource Set for PACE*. Annual dues are \$8,500.
  - The "Provider Membership" offers PACE organizations targeted benefits and advocacy addressing the unique issues they face. The annual dues are based on the organization's annual PACE revenue.

- **Project staff increased membership to the National PACE Association.** The number of fee-paying members increased from 43 in 2001 to 60 in 2004.

## Communications

Project staff published seven articles about PACE in long-term care trade journals and other industry trade magazines such as *Nursing Homes: Long Term Care Management and Advance for Providers of Post-Acute Care*. Project staff made 23 presentations on PACE at conferences of health care providers, including the American Medical Association (AMA) and the National Association for Area Agencies on Aging. They also hosted 24 workshops designed to help organizations manage the challenges of starting up a PACE program.

The National PACE Association's [website](#) provides information and technical assistance about PACE and PACE development to its members, the public, health care providers and state and federal policy-makers. It also includes The *Core Resource Set for PACE* for members of The National PACE Association. See the [Bibliography](#) for complete details.

## LESSONS LEARNED

1. **Because general communications such as mailings, conference calls and presentations can be so effective in garnering interest in PACE, after interest has been expressed, PACE staff must quickly identify those responding organizations that have both the interest and capacity to proceed.** These organizations required intensive and customized technical assistance to work through the steps of developing a PACE program. Concentrating resources in this way maximized the number of new PACE programs that were developed. (Project Director)
2. **State agencies can be powerful partners in promoting the PACE model. The states' interest in the model and willingness to assist new providers offered a level of assurance to prospective PACE program sponsors.** The National PACE Association furthered these relationships through the "Accelerating State Access to PACE" program, the complimentary project funded by the John A. Hartford Foundation, which provided state agencies with technical assistance in developing the administrative capacity to oversee PACE. (Project Director)
3. **Developing a way to share the risks of a new PACE program might encourage more organizations to initiate one.** The comprehensiveness of the PACE model, the combined Medicare-Medicaid oversight, and the capitated payment of PACE increase the risk to organizations wanting to start a PACE program. One way that new PACE programs might share risk is through reinsurance, i.e., purchasing coverage from a second insurance company. For example, the reinsurance would trigger when a client reached a defined claim limit—usually around \$50,000 for an inpatient stay—and cover specific services while in the hospital. This kind of protection is needed most

when a program is new and could be phased out once the program has been operating for a defined period of time or achieved a defined enrollment level. (Project Director)

## **AFTERWARD**

From October 2003 through December 2004, the National PACE Association used a grant of \$200,000 from the federal Center for Medicare & Medicaid Services (CMS) to support states in exploring viable PACE markets. Project staff conducted demographic studies, provided technical assistance to states, and outreached to providers in eight states and 13 markets. The states were Iowa, Kentucky, Minnesota, New Jersey, Oklahoma, Utah, Virginia and West Virginia.

The federal Health Resources and Services Administration (HRSA) provided the National PACE Association with \$256,000 from October 2003 through October 2004 and \$130,000 in October 2004 to support the Rural PACE Assistance Program to expand the number of PACE programs in rural areas. Project staff conducted demographic analysis in rural markets, provided training and technical assistance, made site visits and helped rural sponsors develop action plans and conduct community outreach.

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Program area: Vulnerable Populations

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## APPENDIX

### PACE Expansion Initiative Program Advisory Committee

*(Current as of the end date of the program; provided by the program's management; not verified by RWJF.)*

**Susan Aldrich**

Senior Vice President  
Comprehensive Care Management  
Bronx, N.Y.

**Scotti Kluess**

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**Chris Allen**

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Representative  
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**William (Larry) Minnix, DMin**

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**Brian Ellsworth**

President & CEO  
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### Reports

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*A Guide for Preparing an Effective PACE Marketing Plan*. Alexandria, VA: National PACE Association, 2003.

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*Guidelines for Development of PACE QAPI Plan*. Alexandria, VA: National PACE Association, 2003.

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*Model PACE Staff Orientation Plans*. Alexandria, VA: National PACE Association, 2004.

*Model Policies and Procedures for Conducting PACE Participant Initial Assessments*. Alexandria, VA: National PACE Association, 2004.

*Model Practices and Procedures for Developing a PACE Participant Care Plan.* Alexandria, VA: National PACE Association, 2004.

*Model Policies and Procedures for Conducting PACE Participant Reassessments.* Alexandria, VA: National PACE Association, 2004.

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*PACE Model External Appeals Language.* Alexandria, VA: National PACE Association, 2002.

*PACE Financial Benchmarks Item Specifications.* Alexandria, VA: National PACE Association, 2003.

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*Sample QAPI Committee Description.* Alexandria, VA: National PACE Association, 2003.

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## Grantee Websites

[www.NPAonline.org](http://www.NPAonline.org). Provides information and technical assistance about PACE and PACE development to the public, health care providers, state and federal policy makers and National PACE Association members. Alexandria, VA: National PACE Association.

## Sponsored Workshops

"Understanding PACE: A General Overview," January 17, 2002, Alexandria, VA. Attended via conference call by 34 interested health care providers, National PACE Association members and Technical Assistance Centers.

"PACE Financial Parameters: A Discussion of PACE Start-up and Operating Costs," February 21, 2002, Alexandria, VA. Attended via conference call by 33 interested health care providers, National PACE Association members and Technical Assistance Centers.

"PACE Partnerships: Organizational Models and How Partnerships Can Work," March 21, 2002, Alexandria, VA. Attended via conference call by 28 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Understanding PACE: A General Overview," April 18, 2002, Alexandria, VA. Attended via conference call by 20 interested health care providers, National PACE Association members and Technical Assistance Centers.

"PACE: Site Selection," May 16, 2002, Alexandria, VA. Attended via conference call by 25 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Kansas PACE Expansion Initiative" June 5, 2002, Kansas City, KS. Attended by approximately 50 individuals from approximately 40 health care provider organizations in the eastern Kansas vicinity.

"PACE: Accessing Capital," June 20, 2002, Alexandria, VA. Attended via conference call by 24 interested health care providers, National PACE Association members and Technical Assistance Centers.

"PACE: Relationships with Housing Options," July 18, 2002, Alexandria, VA. Attended via conference call by 21 interested health care providers, National PACE Association members and Technical Assistance Centers.

"PACE: Organizational Assessment," August 15, 2002, Alexandria, VA. Attended via conference call by 24 interested health care providers, National PACE Association members and Technical Assistance Centers.

"NPA Training Session: How to Use the Financial Proforma," September 24, 2002, Chicago. Attending in person by thirteen representatives from eight Technical Assistance Centers.

"PACE: Staffing and the Interdisciplinary Team," September 19, 2002, Alexandria, VA. Attended via conference call by 18 interested health care providers, National PACE Association members and Technical Assistance Centers.

"PACE: Regulatory Overview," October 24, 2002, Alexandria, VA. Attended via conference call by 22 interested health care providers, National PACE Association members and Technical Assistance Centers.

"PACE: The Provider Application," November 21, 2002, Alexandria, VA. Attended via conference call by 28 interested health care providers, National PACE Association members and Technical Assistance Centers.

"PACE: Moving Forward," December 19, 2002, Alexandria, VA. Attended via conference call by 19 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Organizational and Market Self-Assessment–Part 1," January 23, 2003, Alexandria, VA. Attended via conference call by 10 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Organizational and Market Self-Assessment–Part 2," February 27, 2003, Alexandria, VA. Attended via conference call by 8 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Developing a Business Plan," March 19, 2003, Alexandria, VA. Attended via conference call by 15 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Site Selection," April 24, 2003, Alexandria, VA. Attended via conference call by 11 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Capital Finance," May 22, 2003, Alexandria, VA. Attended via conference call by 8 interested health care providers, National PACE Association members and Technical Assistance Centers.

"State Considerations for Start-up," July 24, 2003, Alexandria, VA. Attended via conference call by 7 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Provider Application," August 28, 2003, Alexandria, VA. Attended via conference call by 13 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Developing a Marketing and Referrals Network," September 25, 2003, Alexandria, VA. Attended via conference call by 19 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Establishing a Provider Network," October 23, 2003, Alexandria, VA. Attended via conference call by 11 interested health care providers, National PACE Association members and Technical Assistance Centers.

"Start-up Staffing and Assembling the Interdisciplinary Team," November 20, 2003, Alexandria, VA. Attended via conference call by 14 interested health care providers, National PACE Association members and Technical Assistance Centers.