



Growing PACE: The Potential and Barriers

Overview

The Program of All-Inclusive Care for the Elderly (PACE®) is a person-centered integrated care model for adults age 55 and over who are eligible to receive nursing home care but would like to remain living in their home and community. PACE provides health care, behavioral health services, social services, transportation, meals and activities, and end-of-life care, all through the local PACE organization. This type of person-centered, comprehensive, community-based care is what many consumers and caregivers are seeking in health care delivery. While there is a desire for this type of care, PACE currently serves approximately 50,000 seniors in 31 states, which represents less than 10 percent of the eligible population in communities served by PACE. There are several reasons why PACE does not care for more of our nation's frail and elderly population, but one reason is that many states choose to limit the number of individuals a PACE organization can serve. Of the 31 states where PACE currently is offered, 18 do not limit the number of people served, while 13 states impose limits. These 13 states limit the number of PACE organizations, the number of individuals who can be served, or both. As our nation's aging population continues to grow and more individuals seek the type of comprehensive care that PACE provides, the National PACE Association (NPA) believes that PACE organizations should have the ability to meet the needs of their communities without limits on their growth.

States That Do Not Limit Growth

Currently, 18 states that offer the PACE program do not have any limits on growth. Several of those states have seen significant progress in serving more of their frail elderly population through PACE. Of the seven states with the highest percentage of eligible individuals enrolled in PACE (15 percent or higher), five do not have any limits on enrollment.

State Approaches to Enrollment Limits

For states that do limit growth, budgetary constraints often are cited as the reason. State reimbursements to PACE are required to be less than the state estimate of what it would spend otherwise for a person comparable to a PACE enrollee. Nonetheless, states may see PACE expenditures as adding to, rather than substituting for, other state-funded services and therefore choose to limit funding for PACE.

State approaches for setting enrollment growth limits include financial forecasting, legislated funding or enrollment growth limits, and, in a couple of states, an effective freeze on growth and spending.

Forecasting Growth with the State Agency

Some states have the state administering agency for PACE, typically the Medicaid agency,

forecast potential growth by using a slot allocation formula (i.e., the number of individuals allowed to enroll in PACE). Examples of this include the following:

- Michigan: Through the budget process, the legislature permits the state agency overseeing PACE to do the following:
 - increase the number of slots for an already established PACE organization if the PACE organization provided necessary information documenting its ability to expand capacity to serve additional PACE participants, and
 - suspend the 10 member per month individual PACE program enrollment cap in order to allow unused and unobligated slots to be allocated to address unmet demands for PACE services.

Since this language is included in the annual budget, the PACE organizations and the state PACE association must continue to advocate on an ongoing basis to retain the policy.

- North Carolina: Programs may enroll four new participants a month. The state allows flexibility in this number for more or less per month as long as the program does not exceed the total of 12) per quarter. Unused slots may be carried forward in the state fiscal year. Programs that have reached their cap may request additional slots from the state. PACE organizations can request additional slots by sending a request to the PACE Unit Manager. Presumably the state will approve the request if there are enough unused slots and it does not increase the PACE budget.
- Pennsylvania: The state agency projects growth using information on how much a program grew the previous year. The state has the ability to increase the cap incrementally if it feels that it is warranted.

Allotment Through the Legislature

Some states have PACE organizations work directly with the legislature to determine the slot allocation. This can be a challenge for PACE organizations because there is no means to adjust the slot allocation until the next legislative session if they end up growing more than they predicted (or more than the legislature allocated). It also can be a challenge because legislators may not have the appropriate level of understanding and/or commitment to PACE to ensure it grows properly.

Strict Limits on Growth

Finally, some states have budget constraints that completely hinder the ability of PACE to grow. One of the starker examples is Alabama, where there is a limit on the funding that is allotted to Medicaid for the PACE program. Consequently, the one PACE organization in the state has a strict limit on the number of individuals it can enroll, and growth has been stagnant (serving about 170 individuals) over the past five years.

Growth Brings Challenges and Opportunities

Initially, California limited the number of PACE organizations and the number of PACE participants. However, in 2012 and 2016, the state removed caps on enrollment and caps on

the number of programs. Removing these limits has led to a considerable increase in the number of PACE organizations and individuals served. In 2016 PACE organizations collectively served about 5,000 individuals. In 2019 California PACE organizations served more than 8,000 individuals.

Having additional PACE organizations serving more individuals has been a positive development. It also has brought new challenges and opportunities for the state agency. In 2012 California responded to significant delays in enrollment by implementing an expedited enrollment process. The state must complete the eligibility determination process within five days of receiving the assessment for those wishing to enroll in PACE. However, given the recent increase in individuals enrolling in PACE, the state has found itself under pressure to review and approve assessments in a timely manner. The state, PACE organizations and the state PACE association have been working together to find a balanced approach to address this issue.

Continuing PACE Growth

PACE plays a significant role in supporting the goals of state and federal policy-makers to serve individuals who need long-term services and supports. Many PACE organizations are ready to grow the model so they can serve more of the frail elderly population. However, increasing the number of individuals served by PACE requires a partnership and commitment from both PACE organizations and states.

PACE organizations that want to grow should consider carefully both their desire and capacity to grow. This analysis should take into account the size of the market and the portion of eligible individuals currently served. PACE organizations also should determine the capacity of the organization to grow (i.e., the size of the facility, the priorities of the organization, and resources of the organization). A PACE organization should communicate its intentions with the state to discuss any possible barriers and better understand the perspective of the state on growth.

States also can show their commitment to growth by doing a similar analysis of the population currently being served by PACE and determining what percentage of that population could benefit from PACE. States should identify areas where PACE is a viable option and share their intent to grow with possible providers and those in the community that could benefit from the program.