



UNDERSTANDING PACE

PACE FAQs

What is PACE?

PACE programs coordinate and provide all needed preventive, primary, acute and long term care services so that older individuals can continue living in the community. PACE is an innovative model designed to enable individuals 55 years old or older and certified to need nursing home care to live as independently as possible. For PACE participants and their families, today's fragmented health care financing and delivery system comes together to serve the complex needs of each individual.

Why develop a PACE program?

The PACE model of care provides health care professionals the freedom and flexibility to plan and provide the most appropriate care and services. Under PACE, providers are not confined to treatments and services that will be reimbursed, and because they receive a capitated payment for every enrollee, providers can do what is best for the individual with the goal of enabling enrollees to live in the community for as long as possible.

What characteristics have been associated with successful PACE programs?

While a variety of organizations have developed PACE programs, most successful PACE programs have had a number of similar characteristics and backgrounds.

- Sufficient numbers of eligible individuals within the program's geographic service area to support the program's viability;
- Experience providing community services to older adults with chronic care needs;
- Recognized in the community as a provider of quality services to older adults;
- Having top management / board commitment to serving older adults in community settings;
- Involving physician leadership in program design and medical-community relations; and
- Possessing financial resources for program start-up and assumption of financial risk.

What are the types of organizational sponsorships that support PACE?

There are a variety of organizational sponsorships that support PACE programs. Currently, all operating PACE programs are sponsored by non-profit organizations. However, PACE legislation under the Balanced Budget Act of 1997 does authorize a for-profit demonstration for up to 10 for-profit sites. The current list of PACE sponsor types include:

- Health Systems
- Free-Standing Community Agencies
- Community Health Centers
- Long Term Care Providers
- Hospitals

What steps are involved in developing and operating a PACE program?

PACE development can take from eighteen months to three years, depending on organizational resources and local factors. Major stages of development include:

DEVELOPMENTAL STAGES*	DESCRIPTION
Understanding the PACE Model	
	Acquire and review information about the PACE model and PACE providers.
	Assemble internal work group/team.
	Establish a timeline and work plan for completing a self-assessment.
Organizational Assessment and Decision-Making	
	Gather information and complete self-assessment.
	Establish a timeline and work plan for developing a business plan.
	Engage other community organizations to assess preliminary response to PACE.
	Identify state liaison and key agencies.
	Develop a business plan and present it to the organization's governing body.
Planning & Development/PACE Provider Application	
	Develop program policies and procedures.
	Prepare PACE provider application.
	Identify target audiences for development of referral network.
	Develop marketing plan and materials.
	Design, construct and equip PACE day center.
	Hire and train staff.
	Select, install and train staff on information system.
	Establish financial accounting system and procedures
Enrollment & Ongoing Operations	
	Organization provides all acute and long term care services and operates under capitated Medicare and Medicaid reimbursement, assuming full financial risk for all services.
	Organization builds program census, establishes interdisciplinary care team, integrates all services and implements quality assurance mechanisms.

* NPA provides resources to assist organizations at each of these stages of development.

What are the biggest obstacles confronting PACE programs in operation?

Census building and developing the interdisciplinary team are the major challenges. Reaching enrollment efficiency takes time since it requires the concerted efforts of the interdisciplinary team, state certifying agency, community referral sources, families and participants. In order to enable older adults with complex chronic medical conditions to remain living in the community and as independently as possible, the interdisciplinary team must learn to think beyond standard medical practices and the traditional roles of their professions.

How important is housing as a complement to PACE?

Housing is not a covered benefit or service under PACE. However, most PACE programs find that accessible, affordable housing is invaluable. Increasingly, PACE is developing relationships with senior housing providers and is in some cases partnering in the development of senior housing. In cases where housing can be developed adjacent to the PACE center, it allows supportive services to be provided more effectively to a number of participants.

Does PACE serve only the low-income elderly population?

There is no income eligibility for participating in PACE. However, most current PACE participants have low incomes and are eligible for Medicaid. In many states PACE originally was developed specifically to serve a dual-eligible population. Participants not eligible for Medicaid pay that portion of the capitation privately. Long term care insurance, if available, also may pay all or a portion of this premium.

Is a sizable risk reserve required to ensure the financial viability of a PACE program?

The availability of a risk reserve is a PACE regulatory requirement at the federal level and often at the state level as well. PACE programs are expected to operate within their capitated revenues from Medicare, Medicaid and private pay sources. The best mechanisms to protect a PACE program from potential catastrophic loss are reasonable enrollment and the ability of the interdisciplinary team to effectively manage care. Many PACE programs purchase reinsurance (also known as medical stop-loss protection). Reinsurance provides PACE programs with the ability to control financial exposure associated with catastrophic health care events.

Can a PACE program contract with outside agencies to provide parts of the model?

Contracting with other providers in the community is an essential component of PACE. However, what distinguishes PACE from case management or a referral network is that a single agency has full responsibility and risk for providing and managing all care needed by its participants. The PACE interdisciplinary team maintains full control of the treatment plans and oversees service delivery by both staff and contract agencies.

Can the PACE model be applied to groups besides the elderly?

Current legislation provides for the elderly population only. NPA and PACE providers are working to advance legislation that would extend the PACE services and financing model to other high need, high cost populations.

Are there resources to assist organizations in developing PACE programs?

The National PACE Association has developed the Core Resource for PACE (CRSP) to assist providers with the financial planning, provider application and program development stages of creating a PACE program. The CRSP resources are an NPA membership benefit that were developed from actual PACE program operational practices by individuals with experience in PACE program operations. CRSP is divided into three component sections. Component 1 is a set of financial planning tools. The second component is comprised of PACE provider application resources which are reflective of approved PACE provider applications. The last component is a set of operational resources needed to start and successfully operate a PACE program.

Is technical assistance available?

PACE technical assistance centers (TACs), some affiliated with PACE programs, assist organizations in conducting organizational assessment, market assessment, development of a business plan and the development of a PACE program. NPA also provides technical assistance, in cooperation with the TACs, to assist organizations in establishing a solid foundation for the development of PACE.



For additional information and assistance, visit the National PACE Association website at www.NPAonline.org or a technical assistance center to discuss options for constructing a business plan for PACE.