As the number of seniors with long-term service and support needs continues to grow, Medicare and Medicaid are seeking new ways to provide care and services more effectively and efficiently. One model, Programs of All-Inclusive Care for the Elderly, or PACE, has a successful track record of serving low-income, dual-eligible seniors – the frailest of the frail – since its inception more than 25 years ago.

Now with more than 100 programs in 31 states, PACE is looking to build on its experience and make a significant contribution toward achieving state and federal goals for dual-eligibles needing long-term support services. But responding to the new needs of state and federal policymakers means updating regulations and oversight to support innovative models.

PACE came into existence as a way to serve nursing home-eligible elders in the community. The program's ability to integrate all medically necessary care with services and social support through a bundled, capitated payment system is the key to its success. PACE has demonstrated its ability to control the costs of caring for dual-eligibles in need of long-term support, while keeping them out of nursing homes. More than 90% of PACE enrollees reside in a community setting.

Today, PACE organizations, potential sponsors and states interested in expanding access are limited by a regulatory approach that needs to be updated. While federal regulations governing PACE were designed to ensure the successful transition of PACE from a demonstration program to a permanent part of Medicare, they have not kept up with today's innovations. Many PACE organizations are eager to expand their service areas, engage community physicians and utilize alternative-care settings, yet current regulations stymie these efforts.

As a result, much of the promise of PACE is being left untapped. PACE is best positioned to help states and the federal government achieve their goals of better-integrated, more cost-effective support, in comparison to Medicaid managed-care plans. According to a recent Truven Health Analytics report, states that have Medicaid managed-care plans keep less than half of their nursing home-eligible enrollees out of nursing homes.

If the goal of care innovation for this vulnerable population is to improve results, then we need a federal and state regulatory environment that can build on and expand the role of PACE through growth, innovation and accountability.

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